



RESEARCH PAPER 05/55
14 JULY 2005

The *London Olympics* Bill

Bill 45 of 2005-06

The *London Olympics Bill* was introduced into the House of Commons on 14 July 2005 and is due to be published on 15 July. Second Reading is scheduled for 19 July.

The Bill will establish a new Olympic Delivery Authority to manage the Government's interest in the Olympic project and ensure accountability for public expenditure. It will also grant the Mayor of London Olympic-specific powers, provide greater protection for Olympic intellectual property and prevent unauthorised marketing in connection with the Games.

Since the text of the Bill was not available at the time of writing, this paper does not refer to specific detail in the Bill. For clause-by-clause commentary readers are referred to the Explanatory Notes published by the Department for Culture Media and Sport.

Christopher Barclay, Gavin Berman, Louise Butcher,
Keith Parry, Philip Ward

HOUSE OF COMMONS LIBRARY

Recent Library Research Papers include:

05/39	<i>The Natural Environment and Rural Communities Bill</i> [Bill 3 of 2005-06]	02.06.05
05/40	Economic Indicators, June 2005	06.06.05
05/41	<i>The National Lottery Bill</i> [Bill 6 of 2005-06]	09.06.05
05/42	Parliamentary pay and allowances	09.06.05
05/43	<i>The Identity Cards Bill</i> [Bill 9 of 2005-06]	13.06.05
05/44	Social Indicators [includes articles: General Election 2005, NHS Waiting Lists and Targets in England]	13.06.05
05/45	The Future of the European Constitution	13.06.05
05/46	Modernisation of the House of Commons 1997-2005	14.06.05
05/47	Unemployment by Constituency, May 2005	15.06.05
05/48	<i>The Racial and Religious Hatred Bill</i> [Bill 11 of 2005-06]	16.06.05
05/49	<i>The Violent Crime Reduction Bill</i> [Bill 10 2005-06]	17.06.05
05/50	<i>Regulation of Financial Services (Land Transactions) Bill</i> [Bill 7 of 2005-06]	17.06.05
05/51	<i>Civil Aviation Bill</i> [Bill 12 of 2005-06]	23.06.05
05/52	<i>The Immigration, Asylum and Nationality Bill</i> [Bill 13 of 2005-06]	30.06.05
05/53	Economic Indicators, June 2005	01.07.05

Research Papers are available as PDF files:

- *to members of the general public on the Parliamentary web site, URL: <http://www.parliament.uk>*
- *within Parliament to users of the Parliamentary Intranet, URL: <http://hcl1.hclibrary.parliament.uk>*

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. Any comments on Research Papers should be sent to the Research Publications Officer, Room 407, 1 Derby Gate, London, SW1A 2DG or e-mailed to PAPERS@parliament.uk

Summary of main points

At a meeting of the International Olympic Committee in Singapore on 6 July 2005 it was announced that London had won the competition to host the 2012 Olympic Games and Paralympic Games. The London Olympic Games will take place from 27 July to 12 August 2012, with the Paralympics following between 29 August and 9 September.

The responsible Department, the Department for Culture, Media and Sport (DCMS), has stated that immediate 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 Olympic project and the public money going into it; and
- to ensure that the Government can meet the commitments given in London's bid about how the Games, and the Olympic environment, will be managed - particularly in relation to advertising and marketing.

DCMS further states that legislation is needed in seven areas, in order to:

- set up 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;
- grant the ODA planning and land acquisition powers;
- establish within the ODA a transport authority, in charge of co-ordinating the Olympic transport strategy;
- grant the ODA the power to step in and provide certain local services such as street cleaning where necessary;
- grant the Mayor of London an Olympic-specific power to enable him to fulfil his obligations under the host city contract, thereby avoiding successful legal challenge;
- provide greater protection of Olympic and Paralympic intellectual property - including giving Customs a power to seize counterfeit goods;
- prevent 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.

The *London Olympics Bill* is intended to achieve these results.

This paper – which was prepared before the text of the Bill was available - looks at the history of the successful London bid for the Olympics, the remit of the ODA and the role of the London Mayor and touches on the background to the provisions in the Bill relating to intellectual property and unauthorised marketing. A final section examines the financial arrangements for the London Olympics and makes comparisons with earlier Games.

CONTENTS

I	Introduction	7
II	The Bill	11
III	The Greater London Authority	12
	A. The Mayor and the GLA	12
	B. Contribution to Olympic bid	13
	1. Political support	13
	2. Other aspects	14
	C. The Mayor and the Host City Contract	14
	D. The Bill	15
IV	The Olympic Delivery Authority	16
	A. Transport	16
	1. Responsibility for transport in London	16
	2. The bid	17
	3. The Bill	19
	B. Regeneration and planning	20
	1. Thames Gateway	20
	2. The Olympic legacy	22
	3. Planning and the Olympic Delivery Authority (ODA)	24
	4. ODA powers	25
V	Protection of intellectual property	27
VI	Prevention of unauthorised marketing	28
VII	Ticket touting	29
VIII	London 2012 finance	31
	A. The cost of bidding for the Games	32
	B. Financing the London 2012 Olympic Games	32
	1. What funding has been agreed?	32
	2. How will the agreed funding package be spent?	35

3. The budget for Games preparation	35
4. The budget for running the Games	36
C. Financing of previous Games	37

I Introduction

At a meeting of the International Olympic Committee (IOC) in Singapore on 6 July 2005 it was announced that London had won the competition to host the 2012 Olympic Games and Paralympic Games. The London Olympic Games will take place from 27 July to 12 August 2012, with the Paralympics following between 29 August and 9 September. In the final round of voting London faced stiff competition from the Paris bid, but eventually won by a majority of four.¹

This outcome marked the end of a long campaign to bring the Olympics to London, which has not staged the Games since 1948.² Birmingham bid unsuccessfully for the 1992 Games, and Manchester bid unsuccessfully for both the 1996 and the 2000 Games. In 1995, the National Olympic Committee of the British Olympic Association (BOA) decided that the next bid would be from London. The 1997 Labour Election Manifesto stated that a Labour government would “work to bring the Olympics and other major international sporting events to Britain.”³

Early in the new century, the planning and engineering consultants Arup were commissioned by the Government, the London Mayor and the British Olympic Association to conduct a feasibility study into the potential for a London bid. A 12 page summary was deposited in the House of Commons Library in November 2002⁴ and is available from the BOA website.⁵ The report was an outline proposal for a “specimen” Olympic Games. The brief stipulated an Olympic Village, main stadium, and other facilities in the Lower Lea Valley, East London.

Quantifiable benefits identified by Arup included:

- regeneration of East London, with the creation of around 3,000 jobs
- £70 million from the fiscal impacts of growth in the economy attributable to the Games
- income generated by the growth in tourism, creating a surplus over additional expenditure of between £280 million and £507 million

In addition, Arup listed a range of unquantifiable benefits and legacies, including national prestige, future uses of the sporting and other facilities, cultural diversity and social cohesion, and attracting inward investment.

¹ “One sweet word: London”, *Guardian*, 7 July 2005, p1

² For a detailed history see Library Standard Note SN/HA/1978, *2012 Olympics – London bid*; see also House of Commons Library Research Paper 03/94, *The Horserace Betting and Olympic Lottery Bill*, 23 December 2003, pp36-42, <http://www.parliament.uk/commons/lib/research/rp2003/rp03-094.pdf>

³ Labour Party, *New Labour because Britain deserves better*, 1997
<http://www.psr.keele.ac.uk/area/uk/man/lab97.htm>

⁴ Dep 02/2202, 21 May 2002

⁵ http://www.olympics.org.uk/Library/boa_pdf/EXECUTIVE%20SUMMARYOct4th.pdf

The report also discussed likely costs. The Government used these estimates to develop a funding package designed to cover potential risks and contingencies. This is discussed in section VIII of this Research Paper below. The report's findings were encouraging for all stakeholders, especially as the bid, as analysed by Arup, described a central purpose of the Games as being to help regenerate areas of East London such as Stratford.⁶ The potential for a bid was subsequently examined by the Commons Culture, Media and Sport Committee, who concluded in a report published in January 2003 that it "it is clearly desirable that London should host an Olympic and Paralympic Games. But it should not do so at any price".⁷ After considering the evidence, the Culture Secretary, Tessa Jowell, announced to Parliament in May 2003 the Government's intention to back London's bid for 2012:

Staging the Olympic Games in 2012 is a prize well worth the fight, and 2012 is also the diamond jubilee year of Her Majesty the Queen. We are bidding because we believe that it will be good for sport, but it will also be good for London, and good for the whole of the United Kingdom. It is a declaration that we are proud of our country and confident of our ability.⁸

In February 2004 full details of the bid were made public for the first time in a "Questionnaire response" submitted to the IOC.⁹ At that stage there were still nine applicant cities in the running. An IOC Working Group submitted a report¹⁰ to the IOC Executive Board containing a number of criticisms of London's transport system and of the wide spread of proposed venues across the capital which attracted wide coverage in the British press.¹¹ Nonetheless, in May of last year it was announced that London had made the shortlist, together with Madrid, Moscow, New York and Paris,¹² and as a consequence London submitted a detailed "Candidature File" to the IOC in November.¹³ The BBC website provided a useful summary of the main points, some of which are as follows:

⁶ "Detailed plans for London Games give Stratford central role in east side story", *Daily Telegraph*, 5 November 2002

⁷ Culture, Media and Sport Committee, *A London Olympic Bid for 2012*, HC 268 2002-03, para 39 <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmcmds/268/26802.htm>

⁸ HC Deb 15 May 2003 cc 477-8

⁹ London 2012 press release, *Full details of London's bid published*, 17 February 2004

<http://www.london2012.org/en/news/archive/2004/february/2004-02-17-12-45.htm>

¹⁰ IOC, *Games of the XXX Olympiad in 2012: report by the IOC Candidature Acceptance Working Group to the IOC Executive Board*, March 2004 http://multimedia.olympic.org/pdf/en_report_809.pdf

¹¹ E.g. "London bid runs into roadblock", *Times*, Sports Section, 19 May 2004, p1

¹² London 2012 press release, *London shortlisted as 2012 candidate city*, 18 May 2004

<http://www.london2012.org/en/news/press+room/releases/2004/may/2004-05-18-15-10.htm>

¹³ London 2012 press release, *2012 blueprint delivered to Olympic HQ*, 15 November 2004

<http://www.london2012.org/en/news/archive/2004/november/2004-11-15-15-00.htm>

Full document in Library as Dep 04/1884 (MGP 04/468) and available online at:

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

Ticketing

- 9.6 million tickets for sale – 8 million for the Olympics and 1.6 million for the Paralympics
- 75% of all tickets will cost less than £50 and offer free travel on London transport
- An estimated sell-out rate of 82% for the Olympics and 63% for the Paralympics
- Tickets for the athletics will start at £15 and there will be 20,000 £10 tickets for the Olympic Park to watch events on big screens

Legacy

- The Olympic Village Polyclinic will be converted into a lifelong learning centre for the east London community, with a nursery, primary and secondary schools
- The village will be converted into 3,600 apartments, most of them affordable housing
- The media and press centre would become a creative industries centre for east London
- After the Games four arenas would be 'deconstructed' and relocated to other parts of the UK along with the swimming pools that are used for water polo and the 50m training pools
- Charities will be given the sports equipment used in the Games for free

Transport

- The aim is for 90% of venues to be served by three or more forms of public transport
- There will be two major park and ride sites off the M25 with a combined capacity of 12,000 cars, within 25 minutes of the Olympic Park
- There are 9,000 planned park and ride spaces to be made available at Ebbsfleet where spectators can board a 10-minute shuttle service to the Olympic Park. This is the same station where continental spectators travelling by Eurostar will join the shuttle to the Olympic Park.
- It is predicted that on event days 78% of spectators are likely to travel from within London and 22% from the rest of the UK and Europe
- Organisers estimate that 80% of visitors and staff will use rail services to reach the Olympic Park.¹⁴

The IOC subsequently visited London from 16 to 19 February 2005 to evaluate its bid and inspect the potential sites and facilities for the Games.¹⁵ The IOC's important "evaluation report" of London and the other candidate cities is based upon the Candidature Files and the visits.¹⁶ The Candidature File was supported by a separate "Guarantees File" in which each of the specific pledges made in the Candidature File was supported by a signed guarantee from the responsible authority. For reasons of commercial confidentiality, not all of these have been made available. However, the

¹⁴ http://news.bbc.co.uk/sport1/hi/other_sports/olympics_2012/4025027.stm

¹⁵ The IOC also visited Madrid between 3 and 6 February; New York between 21 and 24 February; Paris between 9 and 12 March; and Moscow between 14 and 17 March.

¹⁶ IOC, *Report of the IOC Evaluation Commission for the Games of the XXX Olympiad in 2012*, June 2005, http://www.london2012.org/NR/rdonlyres/6EBC1A11-7277-4765-86B1-DAC650698261/0/ENG_Londres.pdf

guarantees made by Government ministers were deposited in the House of Commons Library in November 2004.¹⁷

The bid was carried through by London 2012, a private company limited by guarantee. London 2012's stakeholders are the Government, the Greater London Authority and the BOA. The Mayor of London and the Government agreed that London 2012 was empowered to represent London in respect of the Games. The Mayor has the authority to sign contracts and other documents on behalf of the GLA.¹⁸ The document recently signed in Singapore was the "Host City Contract" between the Mayor of London and the IOC. It is noteworthy that the responsibility for delivering the Games lies with the office of the Mayor, not with the BOA or the UK Government, although the latter stands guarantor for the whole venture.¹⁹ Conceivably, if London were to default in some way on its obligations under the Contract, the IOC could initiate legal action against the Mayor, but this seems improbable since, in his letter of guarantee to the IOC President, the Prime Minister has pledged that the UK Government will "respect [...] the Host City Contract" and "take all necessary measures in order that the city fulfils its obligations completely".²⁰

Following the successful bid, London 2012 will be wound up and replaced by a new body, LOCOG, the London Organising Committee of the Olympic Games, with the same stakeholders. LOCOG will be one of several new bodies which together will coordinate the preparations for the Games. The Department for Culture, Media and Sport (DCMS) has provided the following summary:

Olympic Board – this will provide oversight, strategic coordination and monitoring of the total Olympic Games project. It will comprise the Secretary of State responsible for the Olympics, the Mayor of London (who has to sign the Host City Contract with the IOC and who, together with the Lottery, is the key public sector funder through the Council Tax), the Chair of the British Olympic Association and the Chair of the London Organising Committee (LOCOG) once formed.

LOCOG (London Organising Committee of the Olympic Games) – will have the primary responsibility for staging the Games and will act as the client on behalf of the International Olympic Committee (IOC). The LOCOG will be mostly self-financing through sponsorship and revenues from IOC broadcasting and sponsorship deals. It has therefore been established as a company limited by guarantee and jointly owned by the Olympic Stakeholders: the Government; the Mayor; and the British Olympic Association.

Olympic Delivery Authority (including the Olympic Transport Authority) – this will be an Executive Non-Departmental Public Body responsible for co-ordinating public sector obligations set out in the candidature file for staging the Olympic and Paralympic Games and ensuring the delivery of the venues and

¹⁷ Dep 04/1884 (MGP 04/467). Included are letters from the following Departments: the Department for Transport, Customs and Excise, the Department of Health, the Royal Mint, the Foreign and Commonwealth Office, the Department for Trade and Industry, the Home Office, the Prime Minister, the Department for Culture, Media and Sport and the Treasury.

¹⁸ Candidature File, 3.7.1

¹⁹ See below section VIII for the financial guarantees provided by the Government.

²⁰ Dep 04/1884 (MGP 04/467)

infrastructure needed to hold them to time and within the public sector support budget. It will be set up by the proposed Olympic Bill.

Olympic Lottery Distributor (OLD) – the *Horse Racing Betting and Olympic Lottery Act 2004* makes allowance for the establishment of an OLD to distribute Lottery monies for staging the games. The Act makes allowance for the Secretary of State to make directions to the OLD and approve its distribution policy; however, the body will have its own duties to assess the proper use of Lottery monies.²¹

Of these new bodies, the only one which will be established by the Bill is the Olympic Delivery Authority.

II The Bill

In the Queen's Speech opening the new Parliament, legislation was promised if it was needed:

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.²²

The *London Olympics Bill* was given First Reading on 14 July 2005 and was due for publication the following day. Explanatory Notes and a Regulatory Impact Assessment will also be published. According to DCMS, immediate 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 Olympic project and the public money going into it; and
- to ensure we can meet the commitments given in London's bid about how the Games, and the Olympic environment, will be managed - particularly in relation to advertising and marketing.

Specifically, the Government sees a need to legislate in seven areas, in order to:

- set up 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;
- grant the ODA planning and land acquisition powers;
- establish within the ODA a transport authority, in charge of co-ordinating the Olympic transport strategy;
- grant the ODA the power to step in and provide certain local services such as street cleaning where necessary;

²¹ Information supplied by DCMS, 12 July 2005

²² HC Deb 17 May 2005 c31

- grant the Mayor of London an Olympic-specific power to enable him to fulfil his obligations under the host city contract, thereby avoiding successful legal challenge;
- provide greater protection of Olympic and Paralympic Intellectual Property - including giving Customs a power to seize counterfeit goods;
- prevent 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.²³

III The Greater London Authority

A. The Mayor and the GLA

The Mayor of London, together with the London Assembly, forms the Greater London Authority which was established by the *Greater London Authority Act 1999*. Section 30 of the Act gives the Authority a general power "(...) to do anything which it considers will further any one or more of its principal purposes." These principal purposes are defined as:

- (a) promoting economic development and wealth creation in Greater London;
- (b) promoting social development in Greater London; and
- (c) promoting the improvement of the environment in Greater London.

In pursuing these purposes, the Authority must have regard to the health of persons in Greater London and the achievement of sustainable development in the UK.

The Mayor, as Executive of the Authority, acts in a number of areas, notably transport, economic development, the environment, planning, police, fire and civil defence, culture and health. However, within these areas, he normally acts in a strategic and/or co-ordinating role rather than in providing services directly. In this sense, his office differs from that of mayors in other capital cities such as New York and Paris. The Mayor has powers of appointment and budgetary powers in relation to the four "functional bodies" – Transport for London, the Metropolitan Police Authority, the London Fire and Emergency Planning Authority and the London Development Agency.

A summary of the Mayor's powers and duties was given in the Government's 1998 white paper. He would:

- be a strong voice, speaking up for the whole of London;
- plan for the future and set out a budget;
- run new transport and economic development bodies;
- work with a new *Metropolitan Police Authority* to tackle crime;
- organise London-wide action to improve the environment;
- oversee a new *London Fire and Emergency Planning Authority*; and

²³ Information supplied by DCMS, 8 July 2005

- organise action on other issues e.g. an Olympic bid.²⁴

The 25-member Greater London Assembly examines the Mayor's activities and questions him about his decisions. It also approves or amends the Mayor's budget. The income of the Authority is derived principally from central government grants (particularly in relation to the funding of the functional bodies) and from a share of council tax levied in London. As a "major precepting authority" within the terms of the *Local Government Finance Act 1992*, the GLA does not tax London residents directly but issues a precept requiring each London Borough to add a proportion of the GLA's budgetary needs to its own council tax bills.

B. Contribution to Olympic bid

1. Political support

The Mayor of London, Ken Livingstone, supported the bid, writing to the IOC at an early stage to say that "the decision to bid has created an enthusiasm in London amongst all sections of society and across all ages."²⁵ In November 2004 he wrote to Jacques Rogge, President of the International Olympic Committee, to say that:

I commit unreservedly to working with the International Olympic Committee to deliver the most successful Games ever, and fervently hope that the IOC will put its trust in London by bringing the world's greatest sporting and cultural festival to our city.²⁶

In November 2003 the London Assembly confirmed that it "strongly and fully" supported the bid.²⁷ According to the GLA website:

The Mayor believes the Olympics will have far-reaching benefits for London and Londoners, and the rest of the UK, creating jobs, attracting visitors and providing inspiration.²⁸

On the same site the Mayor sets out in detail a number of ways in which he felt the Olympics would benefit London. These include:

- the impact of the Games on plans for economic growth and social regeneration
- a positive legacy, for instance through the creation of new sporting facilities, new homes in the Olympic Village, and restoration of green spaces and wetland for the Olympic Park

²⁴ *A Mayor and Assembly for London*, Cm 3897 (March 1998) pp 19-20. Further details of the Mayor's powers and responsibilities can be found on his website (www.london.gov.uk/mayor)

²⁵ Cited in London 2012 response to IOC questionnaire, <http://www.london2012.org/NR/rdonlyres/24931E48-9CF6-4A22-9D29-4321B11140E6/0/QuestionnaireResponseEnglish.pdf>.

²⁶ Cited in London 2012 response to IOC questionnaire, <http://www.london2012.org/NR/rdonlyres/24931E48-9CF6-4A22-9D29-4321B11140E6/0/QuestionnaireResponseEnglish.pdf>.

²⁷ Candidature File, Introduction, <http://www.london2012.org/en/news/publications/Candidatefile/>.

²⁸ <http://www.london.gov.uk/mayor/olympics/index.jsp>.

- the creation of new jobs in construction, hospitality and environmental services.²⁹

The website also states that the staging of the Games would be consistent with the existing London Plan, a strategic plan for land use in the capital.

2. Other aspects

The GLA was a stakeholder in London 2012, alongside the Government and the BOA, and it was closely involved in various aspects of the planning and development of the bid.

There were various legal formalities associated with the bid. For instance, Mr Livingstone gave his agreement that London 2012 would represent London in respect of the Games, although he retains responsibility for signing contracts on behalf of the GLA, including the Host City Contract³⁰ (see next section).

The GLA provided guarantees that it would respect the Olympic Charter and the Host City Contract, and it gave assurances related to the bid, for instance that it would not stage any other major events at the time of the Games, and that it would not enter into any sponsorship or marketing arrangements that would clash with the Host City Contract.³¹

C. The Mayor and the Host City Contract

Changes to the host city election process, which were adopted by the IOC in 1999, included the signing of a contract between the IOC and each candidate city, along with their respective NOC, outlining the obligations of each party, the applicable code of conduct, and the sanctions for breaches of these terms. Rule 37 of the *Olympic Charter* states that:

The NOC, the OCOG and the host city are jointly and severally liable for all commitments entered into individually or collectively concerning the organisation and staging of the Olympic Games, excluding the financial responsibility for the organisation and staging of such Games, which shall be entirely assumed jointly and severally by the host city and the OCOG, without prejudice to any liability of any other party, particularly as may result from any guarantee given pursuant to BLR34 [bye-law to rule 34]. The IOC shall have no financial responsibility whatsoever in respect of the organisation and staging of the Olympic Games.³²

The Host City Contract (HCC) sets out the legal, commercial and financial rights and obligations of the IOC, the Host City and the NOC of the host country in relation to the Olympic Games. The local organising committee of the games, once formed, becomes a party to the contract. The contract covers the principles of planning, organising and staging the Games, the organisation of accommodation, sports programmes, Olympic

²⁹ <http://www.london.gov.uk/mayor/olympics/bid-process.jsp>.

³⁰ Candidature File, 3.7.1.

³¹ Candidature File, 3.1, 3.2 and 3.6.

³² http://www.olympic.org/uk/organisation/missions/charter_uk.asp

ceremonies and media coverage, intellectual property-related matters, ticketing, publications, royalties, termination of contract and much else.³³

The Mayor of London, along with the IOC and the British Olympic Association, is a signatory to the HCC. It is the Mayor on behalf of the GLA, and not the Government or the Olympic Committee, who is responsible to the IOC for delivery of the Games. The Bill therefore proposes to give the Mayor time-limited powers to enable him to fulfil his obligations under the contract.

D. The Bill

The Bill is expected to give the Mayor of London “Olympic-specific” powers. This would enable him to carry out his obligations under the HCC, and to prepare for and stage the Games. He would be empowered, for example:

- to use the GLA precept on council tax raised in London to part-fund the ODA which, in practice, will be operating in other parts of the country as well as London;
- to give financial assistance to others in connection with the Games, and to accept contributions towards expenditure on the Games;
- to enter into agreements for construction or provision of services in the various Olympic venues;
- to delegate functions to the London Development Agency.

When taking action under these powers, the Mayor might need to consult with other members of the Olympic Board, that is, the Secretary of State, and the Chairs of the BOA and LOCOG. He would also be required to take account of the legacy aspect of the Games.

Section 30 of the *Greater London Authority Act 1999*, cited above, already gives the Mayor wide powers to do anything which he considers would improve the environment of Greater London and to promote its economic and social development. It could be argued that the Olympic Games will benefit London in this way. However, the Bill is intended to clarify the legal position.³⁴

The powers are expected to be time-limited in the sense that they relate to the 2012 London Games. However, no specific time period will be given because residual work may be required immediately after the Games have ended. The Bill is expected to allow the Secretary of State to rescind these powers by order once the Games are over.

³³ Examples of various Host City Contracts are given on the www.newyorkgames.org website at (<http://www.newyorkgames.org/news/archives/002785.html#HCC>)

³⁴ DCMS official, July 2005

IV The Olympic Delivery Authority

Ultimate planning authority for the London Games will rest with the newly formed Olympic Delivery Authority (ODA). The Candidature File set out the ODA's remit:

The ODA will ensure delivery of the physical infrastructure for the Games, including the construction of the new venues. To help do this, it will be granted special powers to purchase land, compulsorily if necessary, and to grant detailed planning permissions in the Olympic Park. The ODA will also ensure effective coordination of central and local government in the preparation and staging of the Games.

The ODA will be granted special powers to enable it to operate as an Olympic Transport Authority, which will control and coordinate all the transport requirements of the Games.³⁵

The Bill will establish the ODA as a non-departmental public body (NDPB) with a primary responsibility of managing public sector involvement in the Games. According to DCMS, "from the beginning, the ODA would be clearly accountable for the public money that would be spent on getting venues and infrastructure ready on time and on budget".³⁶ It is expected to have a board of between seven and eleven people appointed by the Secretary of State after consultation with other stakeholders such as the Mayor of London. The ODA will report to the Olympic Board (see above) and, like other NDPBs, will be directly accountable to the Secretary of State. The Secretary of State will have the power to issue guidance to the ODA and can direct it, if necessary. Its annual reports will be published.³⁷

A. Transport

1. Responsibility for transport in London

Under the *Greater London Authority Act 1999*, London's tubes, buses, trains, traffic lights, taxis and river transport, now fall within the control of a single institution. The Mayor is responsible for policy and all statutory duties rest with him. He has a duty to produce an integrated transport strategy for London. A new executive body, Transport for London (TfL), was set up under the 1999 Act to replace London Regional Transport. TfL implements the Mayor's transport strategy and oversees transport services on a day-to-day basis. The London Assembly approves the integrated transport strategy and the transport budget, scrutinises the performance of TfL and the Mayor, and is able to conduct wider investigations of transport issues.

Certain transport services and facilities in London have a national importance and therefore remain the responsibility of central government. These include the airports, international rail links and the Port of London. Other areas remain the responsibility of

³⁵ Candidature File, 2.1 (p33)

³⁶ DCMS, "Background note" on Olympics Bill, issued in support of Queen's Speech, 17 May 2005

³⁷ Information from DCMS official, 8 July 2005

the London boroughs. The GLA does not become involved with genuinely local matters, although it does have a supervisory role.

2. The bid

In its questionnaire response submitted to the IOC in February 2004, London 2012 set out in detail the transport plans for London's Olympic bid.³⁸ The evaluation report of the original nine applicant cities, prepared in March 2004 but not published until London was selected as an official candidate city in May, had harsh words for London's transport system.³⁹ For its transport 'concept', London was awarded a minimum grade of 4.8 (out of a maximum 10) and a maximum grade of 6.7. This put it behind Paris, Leipzig and Madrid.⁴⁰

The full bid documents were prepared and sent to the IOC in November 2004. Theme 14 of the *London Candidature File* for the 2012 Olympic bid provides more details of the proposed transportation system that will be in place for the Games. Under the headline "convenient and connected", theme 14 gives four key transport commitments:

- 80% of athletes within 20 minutes of their events
- The best-connected airport in the world
- 10 railway lines carrying 240,000 people every hour to the Olympic Park (with central London seven minutes away via the Olympic Javelin shuttle)
- 240 km of dedicated Olympic lanes.⁴¹

There is included a commitment to bring forward legislation to create an Olympic Transport Authority (OTA), as the body tasked with the responsibility for transport within the Olympic Delivery Authority (ODA). The OTA will "oversee the programme management of related infrastructure projects and be responsible for the delivery of real-time integrated coordination and control of transport during the Games".

Along with the Candidature File, the Secretary of State for Transport, Alistair Darling MP, submitted a guarantee on the key transport aspects required for the Games. The letter set out the statutory authorisations, including planning, that had been obtained by November 2004 or would be pursued by the relevant body; the bodies legally responsible for delivery of said projects; the construction timelines; and the form and nature of financing. Among those projects listed are:

- redevelopment of Stratford regional station;
- upgrade of Chiltern Line into Marylebone station;

³⁸ Available at: <http://www.london2012.org/NR/rdonlyres/24931E48-9CF6-4A22-9D29-4321B11140E6/0/QuestionnaireResponseEnglish.pdf>

³⁹ Much reported in the British press. See e.g. "London bid runs into roadblock", *Times*. Sports Section, 19 May 2004, p1

⁴⁰ Available at: http://multimedia.olympic.org/pdf/en_report_809.pdf

⁴¹ *London Candidature File*, 15 November 2004, theme 14: http://www.london2012.org/NR/rdonlyres/C27233BA-E663-4FD8-8EC8-A7896B547EFD/0/Theme_14_transport.pdf

- asset renewals on West Anglia, Great eastern, C2C, Victoria to North Kent, London to Brighton and Waterloo to Weymouth routes;
- platform extensions, power reinforcement and signalling enhancements to the North London line;
- signalling enhancements on the C2C route at West Ham station;
- platform extension and signalling enhancements on Great eastern line at Stratford station;
- infrastructure enhancements on the Lee Valley Line;
- provision of operational infrastructure to provide the Olympic Shuttle between central London, the Olympic Park and Kent; and
- enhancements of the M25 for access to Heathrow Terminal 5.⁴²

The letter also gives a guarantee about the planned and additional projected fleet and rolling stock for the Games, controlled by the DfT. The rolling stock for the CTRL has already been secured; additional capacity will be required on suburban national rail services and for the Olympic Shuttle.⁴³

The report of the IOC's Evaluation Commission delivered in June 2005 made the following observations about London's transport system and its plans for the Olympics:

Infrastructure development and public transport

London has comprehensive metropolitan road and rail systems. Capital investment of more than USD 30 billion is planned prior to 2012 for transport renovation and development. Approximately USD 11.6 billion of this transport budget has been allocated to accelerate rail urban transport development, particularly in the east London Olympic area, and USD 600 million is directly related to the Olympic project.

London has one of the world's strongest systems of airports with Heathrow, Gatwick, Stansted and London City airports among others. Heathrow and Gatwick are connected to the centre of London by express rail services. A new rail connection will also link Stansted and London City airports to Olympic Park by 2012. The capacity of Heathrow, the main Olympic gateway airport, will be substantially increased by the completion of a new terminal (Terminal 5) by 2008.

Phase two of the Channel Tunnel Rail Link (CTRL) is underway and will provide regional and international access to central and east London. A new station, Stratford International, would provide direct access to Olympic Park and dedicated shuttle trains would operate at Games-time resulting in a travel time of seven minutes to the centre of London.

London's underground, light rail and regional rail networks will be substantially upgraded and extended, particularly in east London, with Olympic Park to be served by a total of ten rail lines.

Olympic transport concept and operations

The London 2012 Olympic transport concept is founded on three principles:

⁴² Letter from Alistair Darling to Jacques Rogge, 15 November 2004.

⁴³ *Ibid.*

- a) Concentration of Olympic travel demands in Olympic Park and the nearby River cluster with approximately 69% of competition venues less than 15 minutes from the Olympic Village
- b) Constituent group transport to be facilitated by an extensive Olympic Route Network, allowing fast and reliable travel
- c) Comprehensive public transport, with at least one rail station serving all Olympic venues.

For the Games, a 235 km Olympic Route Network (470 km if both directions are taken into consideration) would allow efficient travel between Olympic Park and Olympic competition and non-competition venues. Within this network, a core system of 82 km of fully dedicated Olympic lanes (41 km each way) would be provided across London.

As a result of the Olympic Route Network and the consistently lower traffic levels in August, the Commission believes that Olympic bus travel speeds of 45–50 km/h between the Olympic Village and all Olympic venues would be achievable.

London proposes that accredited workforce would access Olympic venues by public transport, principally rail, free of charge. All accredited persons would have free access to public transport.

Each spectator ticket would include free travel on all public transport within London (except the Heathrow Express) on the day of the event through to 4 a.m. the following day.

An Olympic Transport Authority (OTA) would be created to oversee the management of all Olympic transport infrastructure projects, to plan Olympic transport systems and to deliver transport at Games-time. The existing London Traffic Control Centre would be expanded to become the primary traffic control centre for the Olympic Games.

Additional comments

During the bid process, substantial London rail transport infrastructure investments have been clearly confirmed, guaranteed and accelerated. Provided that this proposed programme of public transport improvements is fully delivered on schedule before 2012 and the extensive Olympic Route Network is implemented, the Commission believes that London would be capable of coping with Games-time traffic and that Olympic and Paralympic transport requirements would be met.⁴⁴

For more information on transport in London and its role in the Olympic bid, see Library Standard Note SN/BT/3722.⁴⁵

3. The Bill

As stated above, the Bill is expected to make provision for an Olympic Delivery Authority (ODA).⁴⁶ The ODA will have a transport function, led by a Director of Olympic Transport,

⁴⁴ *Report of the IOC Evaluation Commission for the Games of the XXX Olympiad in 2012*, 6 June 2005, p63+: http://multimedia.olympic.org/pdf/en_report_946.pdf

⁴⁵ Available on the Library pages of the Parliamentary Intranet

which will coordinate the Olympic Transport Strategy. The ODA will have a reserve power of direction over TfL. It will also be able to provide funds to other major transport schemes relevant to the Olympics.

ODA is expected to be responsible for drawing up an Olympic Transport Plan (OTP) following consultation with the Secretary of State and those bodies named on the face of the Bill (TfL, local authorities etc.). There will be a “duty to comply” with the provisions of the OTP put on any and all relevant bodies, including the Mayor.

ODA will also have responsibility for the Olympic Route Network (ORN). Roads to be included in the ORN will be designated as such under an Order by the Secretary of State; this will be subject to the negative procedure. ORN will be subject to revision and amendment by ODA, with the Secretary of State’s consent, as circumstances arise; however the relevant local or national highway or road authority must be consulted before a road is included in the ORN. The ODA and local highways authorities will be able to make Traffic Regulation Orders (TROs) to make roads part of the ORN and there will be higher fines associated with breaches of such TROs.

B. Regeneration and planning

1. Thames Gateway

A remarkable feature of the bid is the extent to which it was based upon a plan to regenerate a rundown area, rather than to use facilities that already exist. The Lower Lea valley, where the main Olympic Park is to be built, comes within the Thames Gateway. This is an enormous area for which the Government has ambitious regeneration plans. Planning for the Olympics goes well beyond the construction of the facilities. The objective is to fit in with the regeneration programme and to leave a legacy to the area.

According to the ODPM:

Thames Gateway is the Government's national regeneration priority. It is an area of land, approximately 80,000 hectares in size, measuring 40 miles long and up to 20 miles wide, containing approximately 700,000 households and home to around 1.6 million people.

The Gateway extends from the Isle of Dogs, in London, 40 miles east to Southend, in Essex, and the Isle of Sheppey, in Kent. The area does not conform to regional and or local authority boundaries, but contains parts of the following districts:

In London: Tower Hamlets; Newham; Barking & Dagenham; Havering; Deptford; Greenwich; Bexley.

In Essex: Thurrock; Castle Point; Basildon; Southend-on-Sea;

In Kent: Dartford; Gravesham; Medway; Sittingbourne.⁴⁷

⁴⁶ Information in this section, which was provided by DCMS official, should be regarded as provisional until the Bill is published.

⁴⁷ http://www.odpm.gov.uk/stellent/groups/odpm_communities/documents/page/odpm_comm_030604-01.hcsp#P20_850

In a speech in November 2004, Keith Hill explained the Government vision, including the following:

The Minister for Housing and Planning (Keith Hill): (...) In the Thames gateway, there are nearly 4,000 hectares of brownfield land— 17 per cent. of the total in the region—located between London and mainland Europe. It is a massive area of market failure and relative deprivation, lying amid the buoyant economy and prosperity of the rest of the south-east. The regeneration of the gateway as a national, regional and local priority has been in plan since the early 1990s. Since then, a great deal of valuable and vital work has been done to set the stage for new development. Far-sighted decisions were taken, for example to route the channel tunnel rail link through the gateway, and create new stations at Stratford and Ebbsfleet to act as development hubs.

That has taken us a critical part of the way, but we need to do more. What was in the past desirable about the gateway is now essential. Housing growth will happen, and it is inevitable. For various reasons, including economic expansion, household growth in this country will continue at a high rate for the foreseeable future (...)

[W]e will pursue our housing growth agenda through the redevelopment of neglected town centres, extensions to existing urban settlements, and the development of derelict industrial landscapes. Nobody who has viewed the vast swathes of worked-out quarries at Ebbsfleet and Eastern Quarry can be in any doubt about the huge benefits to the environment and to existing and future communities that will result from the development of the new urban villages planned for those sites (...)

The Thames gateway represents the largest collection of brownfield land next to a capital city in Europe. The vast majority of development in the gateway can be accommodated on existing derelict land (...)

A further and major boost for the Thames gateway is the UK's bid to hold the 2012 Olympics in the lower Lea valley, near Stratford (...) If our bid is successful, an Olympic Park will be built close to the new Stratford international station to house the Olympic stadium, Olympic village, aquatics centre, velodrome and other facilities, including the administrative nerve centre for the Games. A successful bid would accelerate the new homes and jobs planned for the lower Lea valley, transform the environment and provide a legacy of first-class sporting facilities. Together with the development of Stratford city, it will create a modern new quarter for London and a new metropolitan role for the area, which will help to drive regeneration for many years to come (...)⁴⁸

On 30 March 2005, the Government published the Thames Gateway Strategy, opening with an overview:

Sustainable Communities: Delivering the Thames Gateway sets out how the largest regeneration scheme in Western Europe is benefiting from unprecedented investment - including:

⁴⁸ HC Deb 15 November 2004 cc1073-1079

- £1billion for transport;
- £26m for new parks and woodland;
- £60 million to improve health services; and
- £850 million to improve quality of life, provide 120,000 new homes and create around 180,000 new jobs (...)⁴⁹

2. The Olympic legacy

The London Development Agency provided further details of the planned legacy:

Olympic legacy – direct impacts

- A new urban parkland – one of the biggest created in Europe in decades (from Hackney Marshes to the Thames)
- Six major new sports venues (Athletics Stadium, Aquatics Centre, Velodrome, Indoor Sports Arena, Hockey Centre, Canoe Slalom)
- The Olympic Park will deliver a legacy of more than 9000 new homes after the Games, many of which will be affordable
- New schools, healthcare facilities & recreational areas
- Restoration of polluted waterways
- Easier access to transport links
- New road network within the Lower Lea Valley
- New dedicated cycle routes
- Safe and easy pedestrian access
- New and improved bridges and underpasses enhancing accessibility.

A legacy for sport

A London 2012 Olympic and Paralympic Games will provide an opportunity to accelerate the delivery of sports infrastructure for the UK – and London in particular.

Specific plans for post-Games Olympic Centre include:

- Olympic Stadium - conversion to a multi-purpose venue with athletics at its core. The Olympic Stadium will become a hub of activity for east London communities.
- Aquatics centre, currently in progress - two 50m pools, a 25m diving pool and fitness centre will accommodate elite, development, local club and community users. There will be capacity for 3,500 spectators for hosting major events after the Games.
- VeloPark - a multi-discipline cycling centre including a 3,000 seat velodrome, road track, competition and play BMX tracks and a mountain biking course for use by all levels of cyclists. This will connect to a network of cycling and walking trails throughout the Lea Valley.
- Hockey centre - providing training and competition facilities for hockey at all levels.
- Indoor sport centre – conversion of the sports arena to become a training and competition arena for a range of indoor sports.

⁴⁹ ODPM Press Notice 090, *£6bn action plan transforming Thames Gateway*, 31 March 2005

The London 2012 bid has a 'no white elephants' policy – any facilities that are not planned or needed after the Games will be built as temporary. Other Olympic Park facilities that will have a productive life beyond the Games will be:

- The IBC/MPC (Broadcasting/Press Centre) which will be designed to be a centre for attracting new businesses and creating new jobs for the region.
- The Olympic Village which will be converted into new high quality sustainable residential community housing

A legacy for the environment

The Olympic Park will create a high quality environment for the neighbouring mixed-use communities. It will enhance the amount and quality of greenspace, promote sustainable travel, conserve local biodiversity and wetlands, and improve air, soil and water quality.

The service infrastructure and built environment will be designed to take account of the potential impacts of climate change and will set new standards for sustainable production, consumption and recycling of natural resources.

There will also be significant long-term benefits in terms of projects, applications of green technologies, intellectual capital and behavioural changes.

This approach will contribute to a model for environmental sustainability in line with the ethos of Towards a One Planet Olympics, applicable to cities in both the developed and developing worlds.

A legacy for the economy

Every sector of the economy will benefit from the staging of the Olympic Games. The impact of a London Games is expected to create more than 10,000 jobs in the nearby area alone. While many of the economic benefits will accrue to the Lea Valley, the whole of the UK gain from the prosperity generated by the Olympic Games.

The biggest economic legacy from the Games will be the creation of wider employment opportunities and improvements in the education, skills and knowledge of the local labour force. The nature and range of those skills will enable residents of the Lea Valley to have a stake in the economic growth of their region.

A workforce with better skills will attract dynamic new businesses, helping to foster a culture of enterprise and innovation. These opportunities would raise the overall disposable income of the area, increase personal empowerment and begin to break the cycle of deprivation in the area.⁵⁰

⁵⁰ London Development Agency, *Legacy of the Games*, <http://www.lda.gov.uk/server/show/ConWebDoc.627>

The Olympic Bid website also took account of the environment:

The regeneration of the area is major focus for the London 2012 bid as Jason Prior of planning consultants EDAW and Chief planner on the project, explains: "At the centre of this park will be the river Lea but not the river Lea we see today which is polluted and held between canalised walls. We are going to liberate that river into a new flood plain area. We're going to remove all the contaminated materials and re-create the river out of the former Lea Valley area."

Throughout the regeneration of the Lower Lea Valley area the planners will be looking far beyond the Games themselves. For example, The Olympic Village will be turned into housing with the newly built train line linking that community to central London in only seven minutes.

Sebastian Coe explains the local approach behind the London 2012 vision, "Locally it is very important that we're able to leave a legacy that lasts and facilities that are used by communities for generations to come. No community should just simply be left pressing their noses up against facilities that they can't use."⁵¹

3. Planning and the Olympic Delivery Authority (ODA)

Four London Boroughs - Newham, Hackney, Tower Hamlets and Waltham Forest - set up a Joint Planning Authorities Team (JPAT) to process planning applications for the Olympic Games. In January 2004, a major application was submitted for an Olympic Park and approved in September 2004. The London Development Agency explained what was involved:

The Park, just six miles from Trafalgar Square, will house key venues for the Games including the main stadium and aquatics centre. They will be set in a huge new Park, the largest created in London since Victorian times. A network of cleaned up and revitalized canals and the River Lea will wind through the Park, providing a magnificent setting for the Games.

The Park, which will be built if London wins the Games, is also one of the biggest chances to transform London that has arisen in the capital for decades. It will kick-start the regeneration of the Lower Lea Valley in east London, which is a national regeneration priority and one of the biggest regeneration opportunities in Europe. The Park will be transformed for local use after the Games. Key sporting venues will be retained and 9,000 new homes built, along with office, commercial and retail space, and community facilities.⁵²

The Lea Valley is within the boundaries of the London Thames Gateway Urban Development Corporation (UDC), established in June 2004.⁵³ Normally UDCs take planning responsibilities away from local authorities. However in this case, the

⁵¹ London 2012 Media Release, *London 2012 flexes its muscles as it unveils athlete inspired Olympic vision for the future*, 8 November 2004

⁵² London Development Agency Press Release, *Boost for bid and for London as plans for Olympic Park are agreed*, 9 September 2004

⁵³ *London Thames Gateway Development Corporation (Area and Constitution) Order 2004* (SI 1642)

Government decided that the UDC should leave planning powers with the boroughs for the Olympic area.⁵⁴

The proposed establishment of the ODA as planning and development authority for the Olympic area surprised some regeneration commentators. According to *Regeneration & Renewal*:

If the body [the London Thames Gateway UDC] loses responsibility for the Olympic zone, it could be left with only scraps of land in the Lower Lea Valley. Other regeneration agencies, including English Partnerships, are already active in the UDC's remaining tranche of land between Havering and Barking.⁵⁵

An order is due to be laid very soon setting out the area for which the UDC is the local planning authority, carving out the area of the Olympic Park.⁵⁶ The local boroughs will continue to act as local planning authority until the Bill is enacted. Once the Bill has Royal Assent the Secretary of State would need to lay an order designating the ODA as the local planning authority for the area of the Olympic Park (as defined by the outline planning permissions already granted).

The ODA would have a dual function, delivering the Olympic facilities and also determining planning applications related to them. That presents a potential conflict of interest, which DCMS hopes would be resolved by separating the development control function from the development function. Local authorities have to do the same if they want to grant themselves planning permission on land that they own.

Further safeguards operate in normal circumstances. The Mayor of London can direct a local planning authority to refuse a planning application. In addition, the Secretary of State can call in a planning application to determine it himself, after a public inquiry. Those powers will remain for the Olympic Park. However, it is difficult to see them being used because of the resulting delays. The decision to call in a planning application often results in a delay of over a year. In the context of the Olympic timetable, such a delay might not be acceptable.

4. ODA powers

In some ways the ODA will resemble a UDC, but there are also expected to be differences. The ODA will have the objective of delivering the Olympic Games rather than to develop an area. The ODA will have planning and development powers in its area. The advantage of a dedicated body of this type is that it can concentrate upon delivering the Olympics. One possible problem is that there might in theory be a conflict of interest between development that was in the long term interests of the area and development that would support the ODA in its objective of delivering the Games. The ODA model might favour the development that contributed to delivery of the Games,

⁵⁴ ODPM, *Sustainable Communities: An Urban Development Corporation for the London Thames Gateway Decision Document*, May 2004

http://www.odpm.gov.uk/stellent/groups/odpm_urbanpolicy/documents/page/odpm_urbpol_028634.pdf

⁵⁵ "Olympic body to annex UDC's role", *Regeneration & Renewal*, 20 May 2005

⁵⁶ DCMS official, July 2005

while local authorities might have slightly different priorities. However, the nature of the Games means that conflicts of interest are always likely to be decided in favour of policies to deliver the Games on time.

However, the original planning application for the Olympic Park was approved by the four boroughs, rather than by an unelected development corporation. The boroughs would have been able to reflect local interests in their decision at that stage.

According to a DCMS official, the ODA will not have compulsory purchase powers. The ODA is expected to have powers to acquire land. The London Development Agency (LDA) does have compulsory purchase powers and will be able to use them to assemble land for the Olympic Park. According to *Planning*:

The LDA said that 80.8% of the 100ha Olympic zone is already in public hands. Development director Gareth Blacker said he hopes to reach a negotiated settlement with remaining private landowners and businesses but warned that he would not shy away from using Compulsory Purchase Orders. Any objections would trigger a public inquiry, which would be completed in 12 to 18 months. Of the 284 businesses in the zone, the LDA has agreed to relocate 20, with another 30 deals near to completion. Blacker revealed that 100 businesses refused to negotiate before the decision, but the LDAS envisages taking vacant possession of all the land by mid 2007.⁵⁷

The article notes the LDA suggestion that it would retain ownership of the land rather than transferring it to the ODA.

Some traders currently on the Marshgate Lane Trading estate, which will be replaced by the Olympic village, are complaining about the position. An article explained:

Michael Finlay is managing director of PA Finlay construction company, and leader of the Marshgate Lane Business Group representing about 150 firms on the estate.

"We want to be treated fairly, but do not think that is happening," he says. "Speculators have been buying up land immediately outside the Olympics 'zone' and the price of land has rocketed. If they make us move there will be a shortage of industrial and commercial land nearby and we will have to pay over the odds for the remaining available land."

Mr Finlay, who employs 140 people, says he has been offered £2.6m for his land, but that it would cost him £4.7m to buy new land and rebuild his factory. However, the London Development Agency (LDA) says it is committed to giving "market value" for the businesses' land.⁵⁸

Objections to compulsory purchase based on the level of compensation would not require a public inquiry and the consequential delay. The compensation would be resolved by the Lands Tribunal.

⁵⁷ "Olympics triumph sparks land deals", *Planning*, 8 July 2005

⁵⁸ "Business braced for Olympics decision", *BBC News Online*, 4 July 2005

V Protection of intellectual property

Under the terms of the Olympic Charter,⁵⁹ the IOC owns the rights to the Olympic symbols, motto, flag and anthem, and has rules governing the use of these during the process of applying to host the games.⁶⁰ Existing UK legislation, the *Olympic Symbol etc. (Protection) Act 1995*, creates certain rights in respect of the Olympic five-rings symbol, the Olympic motto and certain words. Neither the Olympic symbol nor the Olympic motto can be used without the authority of the BOA and this prohibition extends to a representation which is similar to the Olympic symbol or the Olympic motto. The Act also identifies the following words as protected: "Olympiads", "Olympian", "Olympians", "Olympic" and "Olympics". These protected words cannot normally be used without the permission of the BOA. However, the Act does not give the BOA total control over the use of these words in all situations:

In the case of a representation of a protected word, the Olympics association right is not infringed by use which creates an association between the Olympic Games or the Olympic movement and any person, or thing, where the association fairly represents a connection between the two, provided the use is in accordance with honest practices in industrial or commercial matters.⁶¹

Any contravention of the BOA's rights under the Act allows the BOA to seek an injunction against and/or damages from the infringing party. Similarly, no one in the UK may register a new company in the UK with a name incorporating any of the words protected under the Act, without the BOA's prior consent. The Candidature File included a summary of other relevant existing law for protecting intellectual property rights:

- *Trade Marks Act 1994* – allows for the registration and protection in the UK of trade marks. If a trade mark is infringed, its owner can apply to court for an injunction, damages and forfeiture of the infringing goods. The Act also forbids registration, without the BOA's prior consent, of any trade mark including the Olympic symbols
- *The Copyright Designs and Patents Act 1988* and the *Registered Designs Act 1949* – each provides further protection against unauthorised use of copyright and designs for logos, mascots, merchandise, branded packaging and signage
- Anti-counterfeit regulations – provide Customs & Excise and local authority trading standards officers with powers to inspect and seize goods suspected of infringing intellectual property rights, even before legal proceedings are underway. The BOA has a long history of cooperation with these enforcement bodies in removing counterfeit Olympic goods from the UK market and preventing their importation into the UK.⁶²

⁵⁹ IOC, *Olympic Charter - in force as from September 2004*, chapter 1 section 7, http://multimedia.olympic.org/pdf/en_report_122.pdf

⁶⁰ IOC, *Candidature Acceptance Procedure: Games of the XXX Olympiad 2012*, 20 February 2003, http://multimedia.olympic.org/pdf/en_report_711.pdf. See for example, article 4, p11.

⁶¹ Section 4(7)

⁶² Candidature File, 3.5

The Bill is expected to amend and refine the *Olympic Symbol etc. (Protection) Act 1995* and extend its scope to the Paralympics.

VI Prevention of unauthorised marketing

A textbook on sports law comments:

A successful, well-organised and well-managed sports event generates commercial value not simply through selling access to the event itself (by admission tickets, television broadcasting, betting, etc) but also by creating sponsorship and licensing programmes that exploit the enormous goodwill generated in the event among its fans and the broader public. Merchandisers exploit that goodwill directly, by selling event-branded products; sponsors and endorsers exploit it indirectly by associating their goods and services with the event's brand values.⁶³

No sporting event has more distinctive "brand values" than the Olympics. The Culture Secretary has already given a written guarantee that:

In good time to meet the deadline of 30 June 2010, the UK Government will introduce the legislation necessary to effectively reduce and prevent ambush marketing and eliminate street trading in the vicinity of the Olympic sites, as well as to control advertising space and airspace during the period of the Games (including two weeks before the Games).⁶⁴

The IOC's *Olympic Marks and Imagery Usage Handbook* defines ambush marketing as "a planned attempt by a third party to associate itself directly or indirectly with the Olympic Games to gain the recognition and benefits associated with being an Olympic Partner".⁶⁵ The Bill is expected to grant powers to the Secretary of State to make regulations to prevent street-trading and unauthorised advertising in the "vicinity" of the Games (although it is unlikely to include a definition of the word "vicinity").

Fears have already been expressed that the proposed restrictions on "ambush advertising" will be too draconian, outlawing such minor indiscretions as pubs using notice boards to inform drinkers that they are screening the Games. Marina Palomba, legal director of the Institute of Practitioners in Advertising, is quoted as saying:

"Sponsors need protection but it is a question of balance. Is this bill going too far? We are concerned about an overreaction to the problem and, of course, the bill favours the multinational companies with deep pockets."⁶⁶

Outdoor advertising in the UK is a highly developed market and there is a system of planning permission for billboards. Guarantees have already been secured for all

⁶³ Adam Lewis and Jonathan Taylor, *Sport: law and practice*, 2003, p612

⁶⁴ Letter from Tessa Jowell to President of the IOC, 9 November 2004, in Library as Dep 04/1884 (MGP 04/467)

⁶⁵ Quoted in Adam Lewis and Jonathan Taylor, *Sport: law and practice*, 2003, p612

⁶⁶ "Olympics Bill to blitz 'ambush advertising'", *Daily Telegraph*, 9 July 2005, p31

outdoor advertising sites in London, with the exception of approximately 1% of the 2,700 sites controlled by the British Airports Authority which is covered by long-term contracts.⁶⁷

It is expected that, in order to minimise the distribution and sale of counterfeit goods and control outdoor advertising, LOCOG will set up a Brand Protection Task Force. This will comprise police, trading standards and Customs & Excise officers and LOCOG's own brand protection staff.⁶⁸

VII Ticket touting

In Scotland, ticket touting is already an offence under the *Civic Government (Scotland) Act 1982* as well as under Common Law. In England, Wales and Northern Ireland ticket touting is not in itself an offence. However, the *Criminal Justice and Public Order Act 1994* does prohibit any unauthorised person from selling tickets for designated football matches.⁶⁹ The Act came into force in November 1994.

Under section 166 of the *Criminal Justice and Public Order Act 1994*, it is a criminal offence for an unauthorised person to tout tickets for football matches in public places, even if this is done on a day other than that on which the match is being played. It is also an offence to resell tickets in any way if this is done in the course of a trade or business - this seeks to catch mail order resale of tickets. These provisions only apply to tickets for designated football matches, i.e. those designated for the time being by orders made under section 1(1) of the *Football Offences Act 1991*.⁷⁰ Currently, designated matches for these purposes include Football League, Premier League, European (UEFA) and international matches played at major grounds.

It is not, however, illegal to resell tickets here for matches taking place abroad. Any action taken against companies making such sales would have to be based on a failure to supply tickets in accordance with their own undertakings.⁷¹

Subsections (6) to (8) of section 166 make provision for the Secretary of State to apply the section, with suitable modifications, to other specified sporting events or categories of sporting events for which 6,000 or more tickets are issued for sale.

More generally, people who engage in ticket touting for any type of event are in any case subject to other existing criminal law relating to activities such as theft, deception, obstruction or threatening behaviour. For example, if forged tickets are sold, the seller could be found guilty of the criminal offence of theft or deception.

⁶⁷ IOC, *Report of the IOC Evaluation Commission for the Games of the XXX Olympiad in 2012*, June 2005, p70, http://www.london2012.org/NR/rdonlyres/6EBC1A11-7277-4765-86B1-DAC650698261/0/ENG_Londres.pdf

⁶⁸ Candidature File, 3.5

⁶⁹ Under this legislation a person is unauthorised if not approved in writing to sell tickets for a match by the club or by the organisers of the match.

⁷⁰ The *Football (Offences)(Designation of Football Matches) Order 1991*, SI 1991/1565, as amended by SI 1992/1554

⁷¹ see e.g. 'Cup ticket scam feared for 25,000', *The Guardian*, 5 June 1998

In certain circumstances, ticket touts may also be subject to the *Price Indications (Resale of Tickets) Regulations 1994*.⁷² The Regulations do not prohibit any method of ticket resale or place any controls on the level of the price which may be charged for a ticket. Their aim is simply to ensure that the consumer is given sufficient information about the quality of a ticket before deciding whether to buy it.

The *Price Indications (Resale of Tickets) Regulations 1994* require a resale ticket seller to disclose specified information about a ticket before making a sale. The Regulations were made under Part III of the *Consumer Protection Act 1987*, which makes it an offence for a trader to give a misleading indication of the price at which goods and services are available. The Regulations came into force on 20 February 1995 and apply in England, Scotland and Wales.⁷³ Briefly, the Regulations apply where:

- a person is prepared, or may be prepared, to supply a ticket by way of resale;
- that person is acting in the course of a business;
- the ticket is for an entertainment event; and
- the reseller gives to consumers an indication of the price at which the ticket, or the ticket in combination with something else, is or will be available.

Under the Regulations “entertainment” includes any gathering, amusement, exhibition, performance, game, sport or trial of skill or other similar event. The scope of this definition is deliberately wide to cover, for instance, theatre performances, pop concerts, art exhibitions, and sporting contests (including such events held abroad if the ticket is purchased in the UK).

The Regulations require that where a reseller gives a price indication, he must also give the consumer, before any contract for the supply of a ticket is concluded between them:

- in writing, except in telephone transactions, any information originally printed on the ticket by the event’s holder or promoter concerning its price and the rights it confers. This must include any printed details about the location of any seat or space, but information such as the date on which the ticket is valid would also be relevant;
- orally for all transactions, details of the location of any seat or space which the consumer will have the right to use, together with any information which the reseller knows or might be expected to know about features of that seat or space which might adversely affect the consumer’s use or enjoyment of it, such as a restricted view.

The Regulations are enforced by local authority trading standards departments. Contravening the Regulations is a criminal offence which carries a fine up to the

⁷² SI 1994/3248

⁷³ Parallel regulations have been made in Northern Ireland under Article 19 of the *Consumer Protection (Northern Ireland) Order 1987*. These are the *Price Indications (Resale of Tickets) Regulations (Northern Ireland) 1995* (S.R. 1995/No.258), which came into force on 24 July 1995.

statutory maximum (£5,000) on summary conviction by a Magistrates' Court or an unlimited fine on conviction on indictment by a Crown Court.

According to a recent press report, even without the added stimulus of the Olympics, the Government is considering new laws on ticket touting:

Culture Secretary Tessa Jowell is leading calls within the Cabinet for a ban on unauthorised reselling of tickets, which is currently a criminal offence only in football, to be extended to other sports too.

Jowell was horrified to see large numbers of touts in action outside Cardiff Millennium Stadium last month when she attended the FA Cup Final. She is sympathetic to claims by the governing bodies of the 'big four' sports - the Football Association, Rugby Football Union, Lawn Tennis Association and England and Wales Cricket Board - that genuine fans are missing out on the chance to attend prestige events in favour of corporate fatcats, that sports organisations are missing out on vital money that could aid their grassroots and that touts often do not pay VAT or corporation tax.

In a detailed dossier submitted to Jowell last week, the 'big four' warned that current laws are hopelessly inadequate. They want touting made illegal across all sports, just as it will be at every event for the 17 days of the 2012 Olympic Games if London wins the right to stage them. 'Legislation needs to take into account the largely corporate nature of the crime, and allow suitable punishments, particularly seizure of company assets and disqualification of directors,' they say.⁷⁴

The Bill is expected to create a new criminal offence of ticket-touting for Olympic-specific events, including the Opening Ceremony.

VIII London 2012 finance

The *London Olympics Bill* is not expected to have any implications for the financing of the 2012 Olympic Games, except to give the Mayor of London the authority to create an Olympic Precept. The GLA currently receive a proportion of council tax via the precept that is set by the Mayor to provide funds for the GLA, the Metropolitan Police Authority (MPA), Transport for London (TfL) and the London Fire and Emergency Planning Authority (LFEPA). The Olympic Precept will be charged in addition to the current GLA precept.

This section summarises the currently available information on the costs of bidding for, preparing for and hosting the London 2012 Olympic Games. It also details the agreed funding package that will use public money to finance some capital costs of the preparation.

⁷⁴ "Touts to trouser millions in a sell-out summer", *Observer*, 19 June 2005

A. The cost of bidding for the Games

In its initial assessment of the costs of bidding for and staging the Games Arup estimated the cost of bid to be £13m, with a contribution of £7m coming from private finance. The net cost of bidding for the games was therefore estimated to be £6m, assumed to be the public sector contribution to the bid.⁷⁵

The costs of bidding to host the Olympic and Paralympic Games in London in 2012 have been met by the DCMS, by the London Development Agency (LDA), and through financial support or value in kind from commercial and other organisations.

The Government have made up to £20 million of public funds available to London 2012: £10 million coming from the DCMS and £10 million from the LDA.⁷⁶ In addition, London 2012 has raised almost £10 million in private finance.⁷⁷

London 2012 officials suggest that the costs of the bid are expected to be within the £30m budget, but outturn figures are yet to be finalised. In the event of any surplus the DCMS would be reimbursed.

B. Financing the London 2012 Olympic Games

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

1. What funding has been agreed?

The following information summarises the *Memorandum of Understanding between the Government and the Mayor of London*.⁷⁸

An agreed funding package of up to £2.375bn has been set up for Olympic specific capital costs.

⁷⁵ London Olympics 2012, Costs and Benefits Summary, ARUP, May 2003

⁷⁶ HC Deb 15/6/2005 c399-400w

⁷⁷ Source: London 2012 official

⁷⁸ "Olympic Funding: Memorandum of Understanding between the Government and the Mayor of London," annexed to Government response to *A London Olympic Bid for 2012*, HC 268 2002-03, report of the Culture, Media and Sport Select Committee, Cm 5867, June 2003.

Agreed funding package for 2012 Olympic Games

National Lottery	£1.5bn
GLA Olympic precept	£0.625bn
London Development Agency	£0.25bn
Total	£2.375bn

Note: £300m of the Lottery money is protected to meet the costs of elite sport and associated sports investment

Source: Memorandum of Understanding between the Government and the Mayor of London

The first £2.05bn of the agreed funding package will be financed by the Lottery (£1.5bn) and Olympic Precept on Council Tax (£0.55bn). The first £300m of the Lottery money is ring fenced to meet the costs of elite sport and associated sports investment, leaving £1.2bn for other expenditure. Therefore for every £ of expenditure on capital projects financed by the Olympic Precept, £2.18 will be financed by the National Lottery.

Any surplus Olympic Lottery money will be split with half being used to reduce or reimburse the £300m elite sport pot, while the other half will go to the GLA.

In the event that the Olympic Lottery does not raise its expected £1.5bn or that costs exceed £2.05bn, up to £75m extra would be collected via the Olympic Precept.

Should costs exceed £2.125bn, up to £250m from the London Development Agency (LDA) would be made available in keeping with their corporate plan. LDA funding would be made available no earlier than 2008/09.

In the event that costs exceed the £2.375bn agreed funding package the Government is the ultimate guarantor of Olympic funding. The Government expects to discharge this responsibility in a sharing arrangement to be agreed with the Mayor and through seeking additional National Lottery funding in amounts to be agreed at the time. This is to be reviewed in the coming months as further cost estimates are presented.

However, according to a recent newspaper report, the DCMS has dismissed the possibility of a cost overrun for the London Games as 'hypothetical and completely unreal'. The same report suggests that the Mayor will only allow the Olympic Precept to raise a maximum of £625m.⁷⁹

a. Lottery £1.5bn

The following summarises how the National Lottery will raise the required funds.

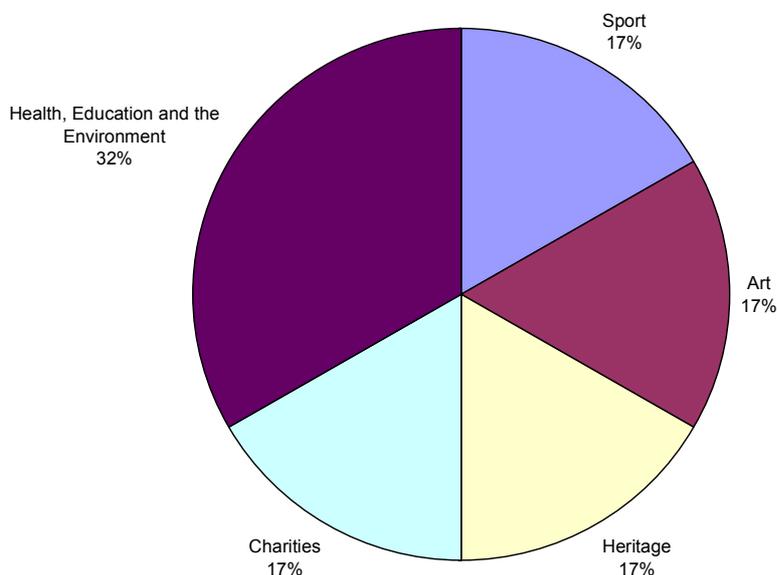
- Established Lottery sports distributors will have up to £340m diverted from their resources to meet the costs of elite sport and associated sports investment.

⁷⁹ "Government holding back on Olympics cost overrun", *Daily Telegraph*, 5 July 2005

In the seven year period from July 1998 almost 24,000 awards were made by established sports Lottery distribution bodies at a total value of £2bn. This suggests that over the next seven years approximately 15% of sports Lottery awards will be diverted to Olympic funding.⁸⁰

- New Olympic Lottery games will be introduced which are expected to raise £750m, around 59% of which might represent money diverted from existing good causes. This diversion represents £65m per year – about 4.5-5% of annual income to good causes from the Lottery.⁸¹
- Up to £410m may be provided through changes to the Good Cause shares when the current agreement comes to an end in 2009. This would represent a further reduction of up to 7% for the other good causes.⁸² The current arrangements are shown in the chart below.

Distribution amongst good causes



Source: The National Lottery Leaflet, DCMS, 2003

b. GLA Olympic precept £550m (possibly rising to £625m)

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 precept is required to raise the full £650m then it will be charged 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.

⁸⁰ DCMS Lottery Database

⁸¹ DCMS, *Horse Race Betting and Olympic Lottery Bill Regulatory Impact Assessment*, December 2003, p38

⁸² Olympics - Government Response to 'A London Olympic Bid for 2012' (HC 268), Report of the Culture, Media and Sport Select Committee Session 2002-2003, Cm 5867, June 2003

The Mayor of London 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.⁸³

2. How will the agreed funding package be spent?

In summary, the £2.375bn Agreed Funding Package funds the expenditures shown in the table below:

Expenditure of agreed funding package, £000	
The 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 incl., security, contingencies and inflation	655,000
Total	2,375,000

Source: London 2012 Finance Briefing Note, Provided by London2012 Government Relations

Approximately £560m is expected to be invested in new venues such as the Olympic Stadium, the Aquatic centre, the Velodrome and the sports arenas in the Olympic Park. A further £130m is expected to be spent on constructing the permanent infrastructure of the International Broadcast Centre (IBC) and Main Press Centre (MPC). It is anticipated that private sector investment would be forthcoming for these projects.

Other capital investments related to the Olympics will be funded from the agreed package – these comprise for the most part transport infrastructure such as road and rail improvements adjacent to the Olympic £380m and enhanced infrastructure within the park such as land bridges and tunnels £350m.

3. The budget for Games preparation

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

⁸³ GLA Press Release 186, *2012 Olympic Games - London goes for gold*, 15 May 2003

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
Total	9,871,250

Source: Table 6.6.2a, London 2012 Candidate file

The non-LOCOG budget includes details of roads and railways capital investment schemes totalling £7.2m that would have proceeded had the London 2012 bid not been successful. Many of these schemes had already received funding and were under way. The schemes that are to receive part of the agreed funding relates to road and rail improvements in and around the Olympic Park.

The £650m athletes' village will make use of an existing planned housing development and will be privately funded as part of the broader redevelopment of Stratford City.

4. The budget for running the Games

The operational budget of the 2012 Olympic Games and Paralympic Games, estimated to be £1.5bn, covers the operating costs of running the Games. These costs are met almost entirely from broadcast rights, sponsorship and ticket sales. The LOCOG will not finance any capital expenditure.

A breakdown of total revenue and expenditure is provided in the table below. The table shows the operating budget estimated at break-even. However London 2012 expect LOCOG to produce an operating profit in excess of £100m.⁸⁴

It should be noted that the Government subsidy of £45m provided to LOCOG is used to defray certain Paralympic costs and is financed from the agreed funding package.

⁸⁴ Source: London 2012 official

Detailed Olympic Games budget (LOCOG), £000

Revenues		Expenditure	
IOC Contribution	375,000	Sports venues	260,625
TOP sponsorship	187,500	Olympic Village and alternative accomodation	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	56,250	Internet	12,500
Coin programme	1,250	Ceremonies and culture	
Disposal of assets	22,500	Opening ceremony	18,750
		Closing ceremony	12,500
Subsidies		Medal award ceremonies	1,250
National Government	45,000	Cultural programme	18,750
		Torch relay	3,125
Other	88,125	Other programmes	3,125
		Medical services	11,875
		Catering	13,125
		Transport	123,750
		Security	23,125
		Paralympic games	90,000
		Advertising & promotion	57,500
		Administration	159,375
		Pre-Olympic events & coordination	12,500
		Other - miscellaneous	101,875
		Other - contingency	65,625
Total	1,538,750	Total	1,538,750

Source: Table 6.6.1, London 2012 Candidate file

C. Financing of previous Games

Interest in the financial costs associated with hosting the Olympic Games developed after the Montreal Olympics in 1976, which proved to be a massive financial disaster. The event, which was financed almost entirely from the city's own public funds, is said to have had a budget shortfall of almost \$1.3bn (US\$, 1995 prices). A supplementary tax on tobacco was levied to make up this shortfall, but smokers are likely to have to continue paying this tax until the Olympic deficit is paid off in about 2005/06.⁸⁵

According to a report from the BBC 'officials have to sell the idea of the games to taxpayers, so there's a tendency to underestimate [the costs], at least for public consumption'.⁸⁶ The cost of hosting the most recent Games in Athens has cost £6.3bn, which was double the original target of £3.2bn. The Greek finance minister has said that the final cost of organising the 2004 Games, the most expensive ever, could increase further.⁸⁷

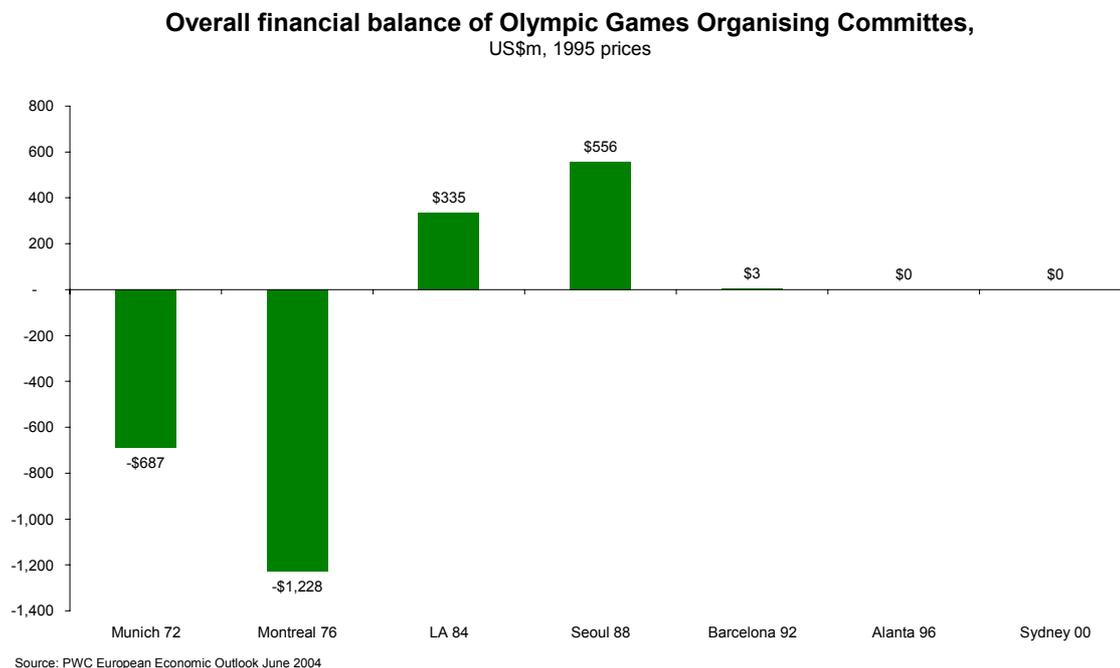
⁸⁵ *The economic impact of the Olympic Games*, PWC European Economic Outlook June 2004

http://www.pwcglobal.com/gx/eng/ins-sol/spec-int/neweurope/epa/EEJun04_SectionIII.pdf

⁸⁶ "The Olympics and the need to make money", <http://news.bbc.co.uk/1/hi/business/4653491.stm>

⁸⁷ "Greece's Olympic bill doubles", <http://news.bbc.co.uk/1/hi/business/4007429.stm>

The chart below shows that it is not impossible to host and games and create a budgetary surplus.



The LA Games proved a financial successful as there was only little investment in the city's infrastructure, while the TV networks and corporate sponsors contributed high revenues.

The Games of Seoul 1988 and Barcelona 1992 showed that it was possible to host financially viable games while significantly improving the city's infrastructure. According to a report by accountancy firm PricewaterhouseCoopers:

The cities upgraded their transport and telecommunications facilities as well as constructing new urban centres with housing, retail and other community facilities that have been fully integrated into their metropolitan areas.⁸⁸

⁸⁸ *The economic impact of the Olympic Games*, PWC European Economic Outlook June 2004
http://www.pwcglobal.com/gx/eng/ins-sol/spec-int/neweurope/epa/EEOJun04_SectionIII.pdf