



Communities Select Committee
16 January 2013

Cost Benefit Analysis – Olympic and Paralympic Programme

Purpose of the report: Policy Development and Review

The Select Committee is invited to consider the Cost Benefit Analysis of the work undertaken by Surrey County Council before and during the London 2012 Olympic and Paralympic Games.

Introduction:

1. In 2008, Surrey County Council (SCC) took the decision to make the most of the economic, community and health benefits that the London 2012 Games could deliver.
2. In 2009, the Surrey Strategic Partnership agreed and launched "Be Part Of It", its strategy for 2012. The strategy outlined our main aims: to maximise benefits to businesses, communities and the overall health of the county, and to leave a positive legacy beyond 2012.
3. Surrey's contribution to the Games in 2012 was extremely successful and the wider benefits can be clearly demonstrated. In purely financial terms they can be summarised as follows:-
 - Surrey businesses secured over £800 million of Games-related contracts;
 - The Olympic Road Cycling events generated an estimated £43,856,000;
 - Positive media coverage equivalent to over £1million worth of advertising;
 - Thirty-five teams trained in Surrey (more than any authority in the South East), contributing in excess of £700,000 to the local economy.
4. Surrey County Council's total investment of £2,756,000 (including the cost of staging the Olympic Cycling events) means that for every £1 spent by SCC, £307 was generated.

5. The full financial detail is set out in the main body of the report.

Cost-Benefit Analysis

Surrey 2012 Team

6. The Surrey 2012 Team operated from March 2009. Initially, work focussed upon promoting the county as a venue for Pre-Games Training Camps and encouraging the business sector to bid for Games related contracts. However in 2010, the team was asked to take on the additional responsibility of delivering both the school games and Olympic Road Cycling events.

Investment in Olympic events

7. Surrey and its relevant Districts and Boroughs entered into a legal agreement in January 2011 with the London Organising Committee for the Olympic and Paralympic Games (LOCOG) to cover the road cycling race events. This legal agreement ensured that Surrey's liability was limited to £2m, and the total expenditure was kept within this cap.
8. A summary table of costs has been prepared after the Olympic events is shown in **Table 1**, on the next page.
9. The economic benefit to the county, using industry standard models of calculation, is estimated to be about £43,856,000. (Please refer to **Appendix A**, for more detail).

TABLE 1 - Olympic Cycling Event costs

Category	Total £'000	Financial Cap £'000	Notes
Costs to SCC			
Staffing Cost	416		4 additional staff and 4 short-term staff (less than 3 months) have been employed to deliver the work. However this figure includes payment to staff across the organisation to work on event day
Communications	168		This covered all aspects of communications plan
Race accommodation, subsistence, transport	18		Staff working in London on event days had to stay overnight to meet requirements on the day
Mobile viewing screens	40		Large screen displays for spectators at official "Live Sites" on the route.
NMIC build	76		Changes made to NMIC to facilitate control room for event days for test and Olympics
IT and Radio Equipment	84		All control rooms and staff working had the ability to communicate between each other
Traffic Orders	68		Advertising the road closures – a legal requirement
Parking Management	37		This ensures that vehicles could be towed where required
Emergency Management – Airwaves and rest centres	9		Included the purchase of blankets for rest centres
Volunteers	12		This covered subsistence costs as uniforms funded by grant
Implementation of Traffic Management Plan	614		This included production of signs and erection of them
Surrey Fire and Rescue	51		This includes the additional staff, and satellite athletes village
Total Cost to Surrey CC	1,966	2,000	

TABLE 2 - Overall Summary of cost and benefits

Cost	£'000	Benefit	£'000
2012 Team (Staff and project costs, 2009-2012)	£790	Contracts won	£800,000 ¹
		Pre Games Training Camp contracts	£700 ²
		Pre Games Training Camp tourism	£890 ³
		School Games sponsorship/grants	£95 ⁴
Olympic Cycling Events – including all event costs (branding, route dressing, Surrey Ambassadors)	£1,966	Cycling Events	£43,316 ⁵
		GLA grant towards banners, host county signs and displays	£300
		GLA grant towards Ambassador uniform/welfare costs	£15
		In-kind value of Ambassador role	£49 ⁶
	£2,756		£845,455
Every £1 invested by Surrey County Council generated a return of £307 for Surrey			

Conclusion

10. It is clear that Surrey delivered on all aspects of the 'Be Part Of It' strategy and in some areas far exceeded expectations, outperforming our neighbouring counties.
11. The reputation of the county has been enhanced, and Surrey has been recognised nationally for the success of the Road Cycling events and the Surrey School Games. Representatives from Surrey County Council have already presented on two occasions to delegations from Rio de Janeiro, the 2016 Olympics host city.
12. In financial terms, as the report demonstrates, Surrey County Council's investment provided excellent value for money.

¹ Based upon figures provided by the Olympic Delivery Authority

² Value of venue/accommodation/catering/transport contracts

³ Tourism South East research based on the SEEDA "On Your Marks 2012" Project Evaluation

⁴ Grant from Sport England and sponsorship by Procter & Gamble

⁵ Estimate based upon on the Tour of Britain Economic Impact report 2011

⁶ Based upon hours worked and established volunteer in-kind pay rates

Financial and value for money implications

13. The whole report details the financial implications of the Olympic and Paralympic programme.

Equalities Implications

14. An Equality Impact Assessment was carried out on the Olympics programme and no negative impacts were identified. There were positive effects in raising the profile and increasing participation in disability sport and cultural activities.

Risk Management Implications

15. The experience gained in managing and running high impact activities such as the Olympic events has strengthened the resilience of the county in many ways, including a raised awareness of business continuity issues and better multi-agency working.
16. The 2012 Project Board monitored risks throughout the run up to, and during the Games. All actions have now been completed, so there are no further risk management implications.

Implications for the Council's Priorities

17. Work on the Olympic and Paralympic Games supported all of the Council's priorities by:-
 - engaging extensively with residents (information about road closures etc.);
 - ensuring value for money (as set out in the main body of the report);
 - strong partnership working (Project Board, Safety Advisory Groups);
 - delivering high quality outcomes (Olympic Races and Torch Relay events);
 - ensuring that our natural environment was protected (e.g. Box Hill SSSI area management during cycling events).

Recommendations:

- a) Select Committee are requested to note the report on the Cost Benefit analysis of the Olympic & Paralympic programme in Surrey.
- b) Select Committee are requested to provide insight and challenge to the cost benefit analysis.

Next steps:

Cabinet will consider a report on actions to deliver further economic, health, and environmental benefits to the County by building on the positive lessons and legacy of the Olympic and Paralympic Games.

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Sources/background papers:
Annexe A – Background Information