

LONDON 2012 THE COST OF THE GAMES

Billion dollar baby

Win or lose the Olympic bid, one thing's for certain: Londoners will be out of pocket.
Chris Wheal does the maths



The proposed Olympic Park development in Stratford

If spending money were an Olympic sport London would be a gold medal contender. Bookmaker Ladbrokes puts the odds against London hosting the 2012 Olympics as 3:1 (Paris is the odds-on favourite), but if July's International Olympic Committee's decision does name London as the host of the Games, the capital's Olympic plans will involve £2.375 billion of public money.

London taxpayers will be asked for an average of £20 a year extra, starting in 2006 and lasting for the next ten years, to pay back the £550 million capital dwellers have to foot themselves. The levy on Londoners will last a further two years if the contingency fund of £75m is needed – and an Olympics has not run to budget for about 30 years. That could mean us paying for the Olympics six years before and six years after the famous flame arrives.

But as Londoners pay one pound out of every fiver of the country's taxes anyway and £250m is coming from the London Development Agency (LDA), which is itself funded by the Department of Trade and Industry from central taxation, that's another £50m from Londoners' pockets, taking the total to £675m.

The bulk of the funding, £1.5 billion, will come from the National Lottery – half from existing lottery funds and half raised in a special Olympic lottery. Londoners will be at the forefront of lottery sales too.

There are plenty of other associated costs. Regeneration of the Lower Lea Valley and construction of the Olympic Village, which will afterwards become a housing estate, are still being negotiated. Although the private sector is expected to pay for these developments, public land will have to be discounted and lower social targets, such as the proportion of social housing, will be part of the deal. The investment in local infrastructure will also come out of the public purse, but

councils and the LDA say that would have happened anyway.

Even if the bid fails, London will have spent a pretty penny. The LDA and the Department of Culture, Media and Sport have agreed to fund up to £30m between them to prepare the bid (£6m from Londoners). This is in the form of London 2012, a company set up in August 2003 that will be wound up after July's decision this year. It says it will have only spent £28m, including about £150,000 a year on the team captain – originally Barbara Cassani, but now double Olympic medal-winning former Conservative MP Lord Coe.

It has had about £7m or £8m (depending who you ask) of private sector support, including rent-free offices on the fiftieth floor of Canary Wharf and some of its 80 or so staff.

If the bid succeeds, London 2012 folds and the London Organising Committee of the Games (LOCOG) will be formed to take over.

At the end of it, London will have an under-used sports centre and some new houses that the Association of British Insurers this month declared uninsurable unless built on stilts. The only good news is that every new house that pays council tax, including second homes that recently ceased being exempt, reduces the amount per head on council tax in the area.

It will nevertheless be a lot cheaper if London is an also-ran. ●

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