

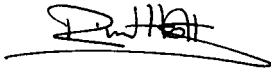


Employment and skills for the 2012 Games: research and evidence

Final report

Learning and Skills Council &
London Development Agency

May 2006

| For and on behalf of Experian | |
|--------------------------------------|---|
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May 2006
Contents

| | |
|--|-----------|
| Executive Summary | 1 |
| 1 Introduction | 6 |
| 2 Evidence from previous Games: common themes | 8 |
| 2.1 Introduction..... | 8 |
| 2.2 Employment effects | 9 |
| 2.3 Sectoral employment..... | 9 |
| 2.4 Training | 10 |
| 2.5 Volunteering | 11 |
| 2.6 Different characteristics of host cities and countries..... | 11 |
| 2.7 How impacts of Games are defined, measured and modelled | 14 |
| 2.8 Conclusions..... | 15 |
| 3 Creating the built environment | 17 |
| 3.1 Introduction..... | 17 |
| 3.2 Planning and administration | 17 |
| 3.3 Construction for the Games..... | 18 |
| 3.4 The wider impacts of Games construction..... | 24 |
| 4 Staging the Games | 25 |
| 4.1 Introduction..... | 25 |
| 4.2 Volunteers | 26 |
| 4.3 LOCOG direct jobs | 27 |
| 4.4 LOCOG contract jobs | 28 |
| 5 Showcasing London | 30 |
| 5.1 Introduction..... | 30 |
| 5.2 The effects of Games on host-cities | 30 |
| 5.3 The impact of visitor spend on employment | 31 |
| 6 Skills and inclusion: a sustainable Games | 34 |
| 6.1 Introduction..... | 34 |
| 6.2 The labour market context..... | 34 |
| 6.3 Influencing employment and skills practices..... | 43 |
| 7 Creating a lasting legacy: implications and recommendations | 51 |
| 7.1 Getting the facilities built to plan..... | 51 |
| 7.2 A triumphant Games; showcasing London | 51 |
| 7.3 Generating opportunities for all | 52 |
| 7.4 Creating a sustainable legacy | 55 |

Executive Summary

Challenges for London

Hosting the London 2012 Olympic Games and Paralympic Games presents five key challenges in the arena of skills and employment:

- getting the facilities built to plan;
- making the Games themselves a triumph;
- showcasing and enhancing the reputation of London;
- creating opportunities for local people and for others with low labour market participation rates;
- leaving London with a legacy of higher-skilled jobs for better skilled people.

Games-related employment generation

We estimate that the Games will generate:

- **60,000 person years of employment** in construction;
 - around 5,000 person years of employment in construction, each year between now and 2012, equating to 35,500 person years of construction employment in total;
 - around 11,000 additional person years of construction and other employment due to the multiplier effect;
 - a further 15,000 person years of construction employment after the Games due to the planned legacy work;
- **30,000 jobs** in staging the Games;
 - around 3,000 staff employed directly by LOCOG;
 - around 27,000 temporary staff contracted by LOCOG;
- **6,700 jobs** in showcasing London;
 - around 6,700 service jobs in retail, hotels and restaurants, transport and entertainment.
- **up to 70,000 volunteer positions.**

We draw a clear distinction between “person years of employment” and “jobs” – a person-year is the equivalent of one person employed for a full year. This is particularly important in the construction industry in which people are not necessarily employed in the same job year-round. A job is the regular work that a person does to earn money, and may last a very long or short period of time, predominantly the latter in the case of the 2012 Games.

Research methodology and sources

Our research should provide a platform for the LSC, LDA and partners to build on in their planning for the Games. We have drawn on our literature review of the previous four Olympic Games and Paralympic Games in Barcelona, Atlanta, Sydney and Athens, and also the Manchester 2002 Commonwealth Games.

The employment generation attributed to previous Games has differed significantly as a result of the different characteristics of host cities and countries and how the impacts of the Games have been defined, measured and modelled. It has ranged from 77,000 in Atlanta to 445,000 in Athens. In part, this can be explained by a Games' relative scale of investment in infrastructure – the larger the investment, the greater the number of jobs generated in construction. But it is clear that differences in measurement account for much of the discrepancy.

Our research also drew on consultations, particularly those with representatives from LOCOG and the ODA to learn their views on expected job numbers. However, we also drew on discussions with CITB-ConstructionSkills and Mace Ltd to provide a detailed breakdown of construction jobs into occupations and an estimate of their phasing. It must be noted that any employment estimates in this report are based on the best available information at this time, and will require continual refinement throughout the lead-up to the Games, particularly as LOCOG/ODA plans become clearer. This will fundamentally be the responsibility of the forthcoming Olympic Forecasting Unit.

Employment in creating the built environment

We estimate that the construction for the Games will generate around 60,000 person years of construction employment altogether. However, it is important to contextualise this figure. At its peak of 9,300 person years of employment in 2010, Games construction will equate to around 2.9% of total Greater London construction employment. Games-related construction employment has already started, with demand for skills at all levels. Therefore, in terms of creating the built environment, key policy issues are:

- ensuring local people gain entry-level qualifications, at the earliest possible stage;
- focusing not only on entry-level issues, but the large opportunity presented to up-skill local workers and enable them to access the higher-level jobs, particularly in management and technical occupations;
- using the Games as a catalyst to boost skills in the sector generally.

Employment in staging the Games

At the outset of its preparations for the Games, LOCOG estimated that around 100,000 people would be required to organise and run them, 70,000 as volunteers to assist in areas including sport competition, spectator services, medical and transport. Of the estimated 3,000 paid staff directly employed by LOCOG, most are likely to be in general professional occupations. Around 66% will be in senior, high-level positions – in Manchester 2002, many of these jobs were filled by secondments. The majority of these jobs will not begin coming onstream until after the Beijing 2008 Games, reaching their peak in 2011 – lasting, therefore, for a period of up to 4 years.

Although LOCOG is yet to develop its master schedule, it estimates that the greatest share of these 3,000 jobs will be in human resources, sponsorship, communications, culture, sports and legal. Given the short lead-time before much of the direct LOCOG employment comes onstream, it is perhaps the 33% of jobs in administrative/support activities that provide the greatest opportunity for the LSC, LDA and partners to successfully intervene in terms of appropriate skills development provision.

The very broadly estimated 27,000 contractual jobs are likely to be mainly temporary, specialist jobs, a proportion of which are likely to be filled by people from outside the capital, including those groups of internationals who specialise in events of this sort and travel from one to the next. LOCOG anticipate that the earliest of these jobs will come onstream 12-18 months prior to the opening ceremony. These staff will fundamentally be tasked with running the Games – event management, venue management, technology/IT, security, transport and other activities such as ticketing. There will be significant numbers of support and administrative jobs involved, in addition to large numbers of service jobs in sectors such as venue management and hospitality.

Therefore, in terms of staging the Games, key policy issues are:

- whether to focus on entry-level paid job opportunities for local people with lower skills levels or specialist opportunities for local people, which would involve strong competition from specialists from across the UK and internationally;
- working with LOCOG to identify as early as possible, pursuant to its master schedule expected in July 2006, those jobs that provide the greatest opportunities for local people and for effective intervention – there will be a lead-time of between two to five years before many of these jobs come on-stream;
- harnessing the volunteer programme alongside employment initiatives to enable local people (particularly hard-to-reach groups) to get involved in the Games, with a view to creating sustainable skills and employment in the long-term.

Employment in showcasing London

The anticipated tourism spend is likely to generate a further 6,700 service-sector jobs over the period of the Games.¹ Therefore, in terms of showcasing London, key policy issues are:

- harnessing these entry-level opportunities to engage local people who are inactive or traditionally hard-to-reach;
- upskilling service staff to enable them to access the higher-level opportunities available, particularly in managerial occupations;
- using the Games as an opportunity to invest in customer service skills, both as a lever for improvement of people working within the sector, and as a chance to showcase London as a great city to visit, work and live to the rest of the world.

Influencing employment and skills practices

Our case studies cover Heathrow Terminal 5, Wembley Stadium, Paddington Basin, Arsenal Emirates Stadium, Greenwich Peninsula, Bluewater and the Manchester 2002 Games as well as previous Olympic Games and Paralympic Games. Key messages for maximising the employment and skills effects of large projects are:

- start implementing training and recruitment schemes up to 2 years in advance;
- create a brokerage service to which all employers are obliged to report vacancies;
- secure the involvement of key players, such as main developers and contractors, and provide strong branding;

¹ The 2012 Olympic Games are scheduled to run from July 27th to August 12th, and the Paralympic Games from August 29th to September 9th, totalling a six-week period.

- provide recruitment programmes that are flexible and employer-led, professionally run with high quality front-line staff and a single point of contact for employers;
- encourage participating employers to provide case-study evidence of positive outcomes and benefits, to create a snow-ball effect with other employers;
- encourage employers to demonstrate a commitment to the local area by forming partnerships with local schools;
- work with schools, colleges and universities to develop vocational pathways;
- focus on the segments of employment opportunities where local people have a realistic chance of gaining work, including upskilling those already in the sector.
- for long-term unemployed, use mechanisms to reduce the risks to employers while giving individuals the chance to build and demonstrate their capabilities and skills.

Undertaking similar initiatives for the Games is critically important because the number of Games jobs is small compared to the potential workforce capacity of the 5 Host Boroughs, a rich multi-cultural area marked by high unemployment and low skills. It is vital that the Games are not felt to be a disappointment in terms of jobs creation and economic inclusion – the fact that this would be largely a consequence of unrealistically high expectations, resulting from exaggerated and unsubstantiated claims that have been made with regard to job creation from previous Games, would be little comfort.

The wider benefits of the London 2012 Games

However, we believe that there are grounds for considerable optimism, because of the opportunity for using the Games to benefit the nation, the capital, local people, women, disabled people and members of BAME (Black, Asian and Minority Ethnic) communities, in several ways. Indeed, perhaps the main impact of hosting the Games comes, not so much through schemes designed to get people into work or onto training courses, but through a deeper shift in people's aspirations.

- *First*, the Games add credibility and visibility to the much wider regeneration that is taking place in East London, and they make that regeneration far more likely to succeed. Many businesses will be drawn to the area, simply because they perceive it to be lively and a place of rapid growth, a self-reinforcing process from which local people can benefit. In this context one crucial point is that the Games can only help. While they cannot create the underlying regeneration, they can act as a catalyst for it.
- *Second*, the build-up towards the Games can be used to help local people rethink their own ambitions and assets, and can be used to encourage them to invest in themselves and to access the opportunities available to them.
- *Third*, even though many Games jobs will not themselves last, the experience of having done those jobs will carry forwards. People will have the experience, not just of a few weeks or months of work, but of participating in something hugely successful. This participation effect, if it is properly harnessed, will have a lasting impact on London's vibrant and growing economy.

The Games are also likely to have a beneficial impact on visitors' and investors' perceptions of London, and indeed more widely afield if the Games act as a gateway for tourists to the rest of the UK. Hugely important for London is to show that the city can put on the Games and make a success of them. For it is the Games themselves that have the capacity to remind the world why it is that London is one of its greatest cities, and why it ought to remain the favourite business location in Europe for decades – perhaps generations – to come.

Therefore, the Games may well have a much larger transformational impact than can be identified through formal modelling procedures, and the legacy of the Games will therefore be much larger, with positive knock-on effects across the UK. At the very least, the Games should help to safeguard London jobs. Four sectors – retail, hotels and restaurants, financial services, and business services – are projected by GLA Economics to be employing 2 ½ million people in 2012. If the Games help to safeguard just some of these, then that alone will be a significant benefit.

Our overall view is that while the direct and mechanistic impacts of the Games are important, policy should be concerned as much with using the Games as a lever or catalyst as with the direct implications. This means that larger scale skills and employment issues need to be addressed, alongside Games-specific initiatives.

1 Introduction

In December 2005, Experian Business Strategies was commissioned by the Learning and Skills Council (LSC) for London and the London Development Agency (LDA) to undertake research to draw together evidence on the employment and skills implications for London of hosting the 2012 Olympic Games and Paralympic Games.

This is the report of that work. It builds on an examination of evidence from previous Olympic and Paralympic (and Commonwealth) Games, and on evidence from other large-scale regeneration projects, to provide a broad indication of the employment, skills and training requirements of the 2012 Games.

A large element of the study has involved an examination of the existing literature, but this has been supplemented by additional primary consultation, to consider the benefits of holding events such as the Games on local communities, and to gather examples of best practice in skills and employment training. It must be noted that any job estimates in this report are based on the best available information at this time, and will require continual refinement throughout the lead-up to the Games as plans become clearer and knowledge is enhanced. This will fundamentally be the responsibility of the forthcoming Olympic Forecasting Unit.

It should also be noted that evidence on previous Games is poor and lacking detail. If the LSC, LDA and partners build on research such as ours and implement a detailed monitoring programme throughout the build up and during the 2012 Games, London will set a benchmark for future Games. This will help to ensure that the socio-economic benefits of future Games are maximised to local communities, and fill important knowledge gaps in London and the UK on the effects of large events and regeneration programmes.

We believe that hosting the 2012 Games presents London with five key challenges in the arena of skills and employment:

- getting the facilities built to plan;
- making the Games themselves a triumph;
- showcasing and enhancing the reputation of London;
- creating opportunities for local people and for others with low labour market participation rates;
- leaving London with a legacy of higher-skilled jobs for better skilled people.

We hope that the findings from this research will help those agencies with responsibility for planning and funding education and training programmes in support of the Games, to develop initiatives that maximise the benefits of the Games to London. As part of that, this research will inform the work of the London 2012 Employment & Skills Taskforce, supported by the LSC and LDA and established as a government/Mayoral initiative as the primary vehicle for planning a collaborative approach to maximise the employment benefits of hosting the Games for Londoners.

Subsequent sections are structured in the following way:

Section 2 provides an overview of our research into the employment and skills effects of previous Games. It draws common themes where possible and points out why comparisons between Games are difficult. More detail is available in Annexes A to E.

Section 3 sets out our estimate of Games-related jobs in the built environment sector. **Section 4** provides estimates of jobs related to the actual staging of the Games and **Section 5** focuses on the indirect jobs likely to be generated in the service sector as a result of visitor spend.

Section 6 provides an overview of the local labour market context and evidence from case studies on how other specific large projects have sought to maximise employment and skills effects. More detail is available in Annex F. **Section 7** concludes our research by highlighting implications and recommendations for the 2012 Games.

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2 Evidence from previous Games: common themes

2.1 INTRODUCTION

The award of the 2012 Olympic Games and Paralympic Games is a real achievement for London and the UK. Furthermore, the economic and social benefits of being a host city can start now. The infrastructure gains are central to the Government's vision for London and the Thames Gateway, while the build-up to the Games should also nurture a legacy of regeneration and inclusion, not least through their impact on employment and skills. The Games also provide a unique opportunity for promoting inclusivity, by ethnicity and gender, but also of critical importance with regard to disability – these are, after all the Paralympic as well as the Olympic Games.

Much of the greatest potential impact is likely to be in the “5 Host Boroughs” – Newham, Waltham Forest, Hackney, Tower Hamlets and Greenwich. But Games activity will take place across the capital and country. There will therefore be skills and employment opportunities for many communities, and the potential to use the Games as a catalyst for encouraging the disengaged into the labour market and for raising the skills bar for those already in jobs. The 70,000 strong volunteer programme is also a significant opportunity to provide employability skills to the socially excluded, and to give the nation a chance to take part in the 2012 Games.

To develop a better understanding of the potential of the 2012 Olympic and Paralympic Games, the LSC, LDA and partners commissioned this review of the employment effects of previous Games.² It is important to bear in mind that each of the previous Games were built up and played out in very different contexts. Each of the previous Games had its own vision and its own political and economic climate. Further, each of the Games occurred in a particular city with its own geographic and demographic structure, its own existing infrastructure as well as its own construction needs.

The demand for labour leading up to and during each Games was therefore very different, as was the impact of this demand on the local labour market. In seeking to identify common elements between previous Games, it is therefore important to recognise these limitations. This is why we also reviewed the Manchester Commonwealth Games that, whilst not on the same scale as the Olympic and Paralympic Games, provides an important recent example within a UK context. Our review of previous Games covered:

- Barcelona 1992 Games
- Atlanta 1996 Games
- Sydney 2000 Games
- Athens 2004 Games
- Manchester 2002 Commonwealth Games

² A summary of our research into each of the Games we reviewed is provided in the annex to this report.

2.2 EMPLOYMENT EFFECTS

A review of previous Games serves as a warning rather than as a guide when attempting to estimate the likely employment impact of the London 2012 Games. The number and type of jobs generated by previous Games has differed significantly. This is a result of two key factors:

1. different characteristics of host cities and countries;
2. how the impacts of the Games are defined, measured and modelled.

The *different characteristics of host cities and countries* make it difficult to extract common themes due to four key factors: economic base; political objectives; infrastructure needs; and funding arrangements.

How the impacts of Games are defined, measured and modelled makes it difficult to extract common themes due to three key factors: attributing impacts to the Games; when and why the study was done; and differences in the methodologies and models used.

In general, the literature on recent Games reports that they have had some positive economic impacts on their host cities, such as an enhancing international reputation, galvanising infrastructure improvements and boosting employment. However, some literature also highlights negative impacts, such as crowding out and displacement of other investment.

The amount of new jobs attributed to Games ranges widely, from 6,300 in Manchester to 77,000 in Atlanta to 445,000 in Athens. Determining why these employment figures differ so greatly is difficult due to the incompatibility of methods used to estimate the numbers in the first place.

2.3 SECTORAL EMPLOYMENT

In the lead-up to Games-time, the major employment impact tends to be focused on the construction of infrastructure and facilities. However, a review of the evidence from previous Games reveals that data on employment in other sectors is scarce and fragmented. There has been little attempt to estimate (or to commit to record) job numbers below the aggregate level, and often confusion between those 'jobs' that are filled by paid employees and those that are filled by volunteers. Even more importantly, there is little or no evidence on the extent to which jobs are filled by locals, or even by nationals or information on the level of diversity.

A summary of the evidence available on the major sectors that are assumed to be directly affected by the Games is:

Built Environment Hosting the Games entails a significant commitment in terms of construction and building needs. It requires significant investment in sports venues and accommodation as well as supporting infrastructure such as roads and utility supplies. However, the extent of built environment requirements has differed in each Games, and in some cases – such as in Barcelona – is difficult to separate from general regeneration work.

| | |
|------------------|--|
| Sport | Clearly, sport has been (and will continue to be) at the heart of the Games. However, there is little direct evidence on the impact that Games have had on employment and participation. In 2002, research by the Prime Minister's Strategy Unit ³ found that it is difficult to prove that hosting a major event affects participation. |
| Tourism | Tourism and hospitality is believed to be a major beneficiary of hosting major events, but visitor number estimates have ranged markedly between 0.5 million in Barcelona and 6 million in Athens. There is little comparable evidence on the proportion of nationals and non-nationals within this figure (a potentially important distinction as nationals may be more likely to undertake day-trips rather than long hotel breaks). There is also little evidence on the extent to which these tourists simply displaced visitors who kept away from the city due to the Games. |
| Security | Available information on security is thin-on-the-ground, and seldom distinguishes between security professionals, police and civil guards, stewards and volunteers. The security climate is also likely to have played a part in security requirements, particularly post 9/11 in Athens and Manchester. |
| Transport | Each of the Games have had differing transport requirements depending on how city-central the Games have been and how scattered across the city and country the events were. The jobs created have tended to be filled by volunteers over the 4 to 6 week period. |
| Media | As the world's largest sporting event, the media play an increasing role in bringing the Games to a mass international audience. However, there is little direct evidence on jobs created in previous Games, and the probable large extent to which these jobs are simply filled by internationals over the 4 to 6 week period. Increasingly important is the information and communications technology sector, but there is little evidence available from a review of literature. |

2.4 TRAINING

Previous Games have emphasised the importance of workforce development and training. Many skills needs have only been identified as the Games draw nearer, although there is evidence that more recent Games (Atlanta and Sydney, for example) have instigated human resource planning fairly early on in the process. Problems with identifying training needs have been due to the following reasons:

- the scale of need for specific jobs and required skills is unclear;
- many plans are not agreed until later in the process – for example, in construction, until the choice of building designs, building methods and materials is settled, the skill needs cannot be identified with certainty;
- many skills are likely to be very specific and quite technical;
- technology and therefore skills change in many sectors, and may be very different by the time the Games period actually arrives.

³ *Game Plan: A strategy for delivering Government's sport and physical activity objectives*, Cabinet Office. A joint DCMS/Strategy Unit report, December 2002:
http://www.strategy.gov.uk/downloads/work_areas/sport/sport.pdf

2.5 VOLUNTEERING

The volunteer workforce is pivotal to hosting the Games. Volunteers are employed across a broad range of activities including security, sports, medical services, technology, environment, ceremonies, spectator services, administrative services, transport, tourism and hospitality. A planned and structured programme was implemented in each of the previous four Olympic and Paralympic Games. The programme implemented in the Manchester 2002 Commonwealth Games was a particularly successful example, and included a Pre Volunteer Programme focused on engaging hard-to-reach groups and using the high profile of the Games as a lever. Figure 1 presents a general overview of the volunteer numbers in previous Games:

Figure 1: Volunteer numbers in previous Games

| | Number of volunteers |
|-----------------|----------------------|
| Barcelona 1992 | 35,000 |
| Atlanta 1996 | 54,000 |
| Sydney 2000 | 60,000 |
| Manchester 2002 | 10,500 |
| Athens 2004 | 45,000 |

Source: Olympic Organisation Post-Games Reports (data for Athens sourced from www.athens2004.com)

2.6 DIFFERENT CHARACTERISTICS OF HOST CITIES AND COUNTRIES

Each of the previous Games was hosted in cities and countries with their own political, economic, environmental and social characteristics. Our literature review highlighted comparative analysis undertaken in 2001 by McKay and Plumb which presented some important differences between recent host cities. Figure 2 shows what they believed to be the key differentials.

Figure 2: Contextual Framework for previous Games

| | Barcelona 1992 | Atlanta 1996 | Sydney 2000 | Athens 2004 |
|---|--|---|--|---|
| GDP per head | \$18,500 | \$33,900 | \$22,600 | \$13,600 |
| Economic cycle | Declining region within EU – manufacturing based | Prosperous regional centre - service-based | Mature but relatively small service-based economy | Growing economy within EU |
| Political system | Parliamentary monarchy, devolved status for region | Federal democratic republic | Federal democracy | Parliamentary republic |
| City status | Provincial capital | Regional hub in South East US | Commercial centre of Australasia | National capital |
| Primary reason for bidding for the Games | Regional economic development | Regional prestige and economic development. | International positioning, tourism/convention industry promotion | Tourism industry promotion and environmental improvements |

Source: Reaching Beyond the Gold: The Impact of the Olympic Games on Real Estate Markets, McKay and Plumb (2001), published in Global Insights, Jones Lang LaSalle (Athens 2004 data estimated).

The figure shows that in economic terms, Atlanta had double the output per head of Barcelona and Athens, and also a relatively strong service base. In contrast, Barcelona was heading into an economic decline at the time of the announcement. These data begin to show us the different characteristics of the host cities. Reviewing the literature, it appears that there are four broad themes that have led to the sharply differing employment effects on cities of hosting the Games:

- economic base;
- political objectives;
- infrastructure needs; and
- funding arrangements.

Each of these themes is examined here in brief.

2.6.1 Economic base

The economic base of each host city was different. The ‘GDP per head’ data highlighted in Figure 2 are a crude measure but underlines more complex economic differences in industrial structure, productivity and the relative costs of labour.

2.6.2 Political objectives

Each host city made its bid for the Games seeking to achieve different objectives. For example, the objectives of the Atlanta Games were to put the international spotlight on the city and to boost local jobs whereas the Sydney Games had a much wider set of objectives, not just for international attention but also to leverage new housing, infrastructure and sports facilities.⁴ These varied objectives mean the number of projects and programmes influenced by each Games was different. Therefore, the employment effect of each of the Games was different too.

Figure 3: Objectives of recent Games

| | Barcelona 1992 | Atlanta 1996 | Sydney 2000 | Athens 2004 |
|--------------------------|-------------------|-----------------|----------------|----------------|
| Put country on map | × | | × | × |
| Spotlight on city/region | × | × | × | |
| Trading partnerships | × | | | |
| Attract investment | × | | × | |
| Boost tourism | | | × | × |
| Create jobs | | × | × | |
| Boost local suppliers | | | × | × |
| New housing | × | | × | |
| New infrastructure | × | | × | × |
| New sports facilities | × | | × | × |

Source: Derived from Business and Economic Benefits of the Sydney 2000 Olympic Games – A collation of evidence, PwC, 2002.

Beijing 2008 is focused on establishing the reputation of being an ‘open city’ whereas London 2012 is concerned with putting a spotlight on London (particularly the East End), creating jobs (and indeed safeguarding them) and kick-starting regeneration.

⁴ *Business and Economic Benefits of the Sydney 2000 Olympic Games – A collation of evidence, PwC, 2002.*

2.6.3 Infrastructure needs

Each of the Games had their own construction needs. The size of the Olympic Stadium in each host city has differed from Games to Games. Athens' Olympic Stadium with 72,000 seats is smaller than Sydney's 110,000 seats, which in turn was larger than Atlanta's 85,000 seat stadium.⁵

Figure 4: Direct Olympic Games infrastructure investment in Host Cities

| | Millions of US dollars, fixed to 1995 prices | | |
|----------------|--|------------------|----------------------------|
| | Sports Facilities | Olympic Villages | Total Olympic Construction |
| Barcelona 1992 | 970 | 2,060 | 3,030 |
| Atlanta 1996 | 500 | 200 | 700 |
| Sydney 2000 | 790 | 380 | 1,170 |

Source: Derived from Business and Economic Benefits of the Sydney 2000 Olympic Games – A collation of evidence, PwC, 2002

Barcelona's expenditure on sports facilities and Olympic Villages was more than four times that of Atlanta's. Barcelona also used the Games as a reason to invest substantially in its urban infrastructure. Indeed, unlike Atlanta and Sydney, it spent substantially more on the 'villages' than the sport facilities, and made the Games the centrepiece of a massive regeneration project in the city. The greater the investment in infrastructure, the greater the number of jobs generated, mainly in the built environment sector.

2.6.4 Funding arrangements

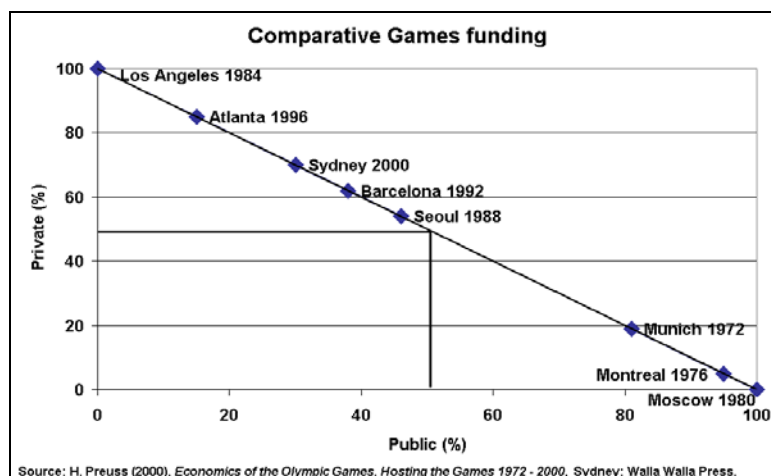
The financing of Games provides a further distinction. Projects driven by investment from the private or public sector have different objectives. A comparative study of funding⁶ highlights the variation between 1972 and 2000, illustrated in Figure 5. The funding pattern varies between:

- **Publicly funded.** Most funding comes from taxpayers. This was the model of funding during the 1970s with Munich 1972, Montreal 1976 and Moscow 1980.
- **Privately funded.** Most funding comes from private business. This characterises the American hosted Games of Los Angeles 1984 and Atlanta 1996.
- **Mixed funding of both public and private.** Most modern Games including Barcelona 1992 and Sydney 2000 followed this approach.

⁵ Stadiums, Munsey & Suppes: <http://olympics.ballparks.com/>

⁶ *Economics of the Olympic Games: hosting the Games 1972-2000*, Preuss, 2000.

Figure 5: Comparative Games Funding, 1972-2000



2.7 HOW IMPACTS OF GAMES ARE DEFINED, MEASURED AND MODELLED

The other great difficulty in comparing and contrasting studies of previous Games is the considerable variation in how 'impact' is measured. The evidence available is often consistent and sometimes contradictory, and this is due to a number of issues including:

- attributing impacts to the Games;
- when and why the study was done; and
- differences in the methodologies and models used.

2.7.1 Attributing impacts to the Games

A difficulty in any economic impact study of the Games is how to define what to attribute to them. Should jobs created in construction and regeneration work going on alongside the Games development be attributable to the Games themselves? Identifying additionality and quantifying the counterfactual scenario is problematic, and across the impact studies we have reviewed, there is no clear consistency as to how researchers address these problems. These are of significant importance when assessing the employment implications of hosting the Games.

2.7.2 When and why the study was done

Some studies are conducted *ex ante*, before the Games and are therefore a prediction of the impacts of hosting the Games. Other studies are conducted *ex post*, after the Games and are therefore an attempt to understand what actually happened. Before and after studies rarely tell the same story. A review by Kasimati⁷ on economic research of previous Games identified the importance of this before and after research. This cited Baade and Matheson⁸ who found the employment effects of Atlanta 1996 were significantly lower than projected and that any increase in activity was temporary. They went so far as to suggest that writers of impact studies might be motivated to produce favourable results. Research from the New South Wales Treasury⁹ also highlighted that excessive claims about economic impact tend to be made before the Games.

⁷ *Economic Aspects and the Summer Olympics: A Review of the Related Research*, Kasimati E, 2003.

⁸ 'Bidding for the Olympics: Fool's Gold?', in Barros, Ibrahim, Szymanski (ed.), *Transatlantic Sport: The Comparative Economics of North American and European Sports*, Baade R and Mathesons V, 2002.

⁹ *The Economic Impact of the Sydney Olympic Games*, New South Wales Treasury and the University of Tasmania, 1997.

2.7.3 Differences in the methods and models used

There are different modelling methods used to measure impacts. Moreover, published versions of studies are rarely transparent in how the models were developed. However, there are essentially three approaches:

- Cost Benefit Analysis
- Input Output Models
- Computable General Equilibrium (CGE) Models

The CGE modelling approach generally suggests lower results because it seeks to capture the crowding out of other jobs through higher prices and financial constraints. This method was favoured by the New South Wales Treasury in their pre-Games study and also in recent research in the UK for the Department for Culture, Media and Sport.¹⁰

2.8 CONCLUSIONS

In general, the literature on recent Games reports that they have had positive economic and employment impacts on their host cities (albeit consistent quantification is difficult), provided host cities with the opportunity to enhance their international reputation and acted as a catalyst for infrastructure improvements and regeneration.

Adding caution to these general findings, some literature has also highlighted crowding out and displacement of other investment, and potential damaging social impacts on local communities and local small businesses.

Figure 6 compares the impact of the previous four Games:

- The results suggest that the economic impact of past Games since 1992 ranged from US\$0.03 billion in Barcelona to US\$15.9 billion in Athens.
- The results also suggest the number of tourist visits because of the Games ranged from 0.4 million in Barcelona to 6 million in Athens.
- The time period for assessing impacts ranged from 5 years in Barcelona to 12 years in Sydney.
- The spatial impact area is national in some studies (Barcelona, Sydney, Athens) and regional in another (Atlanta).
- The number of new jobs ranged from 77,000 in Atlanta to 445,000 in Athens.
- Different modelling approaches were used in each study and, as the reference dates show, some were conducted ex-ante and others ex-post.

¹⁰ *The Economic Impact of the London 2012 Games*, PwC and University of Nottingham for the Department of Culture, Media and Sport, 2005.

Figure 6: Summary of impact assessments of previous Games

| | Barcelona 1992 | Atlanta 1996 | Sydney 2000 | Athens 2004 |
|------------------------------|-----------------------|-----------------------------|-------------------------|----------------------------|
| Reference | Brunet, 1993-5 | Humphreys and Plummer, 1995 | Andersen, 1999 | - |
| Total economic impact | US\$ 0.03bn | US\$ 5.1 bn (1994 prices) | A\$6.5 bn (1996 prices) | US\$ 15.9 bn (1999 prices) |
| Impact as % of GDP | 0.03 | 2.41 | 2.78 | - |
| No. of Tourists | 0.4m | 1.1m | 1.6m * | 5.9m |
| New jobs | 296,640 (Spain) | 77,026 (Georgia) | 90,000 (Australia) | 445,000 (Greece) |
| Period | 1987-92 | 1991-97 | 1994-06 | - |
| Modelling approach | - | Input-Output | GGE | - |

Source: 'The Economic Impact of the Olympic Games', published in European Economic Outlook, PwC, 2004 (estimate sourced from Business and economic benefits of the Sydney 2000 Olympics – a collation of evidence, PwC, 2001).*

The large difference in impact illustrates the difficulty in comparing the effects of previous Games in order to draw conclusions for London 2012.¹¹ Interestingly, the relative number of new jobs created is in line with the relative investment in infrastructure, suggesting that most Games employment is generated in the built environment sector.

More detailed evidence is quite thin on the ground – for example, evidence that might have been hoped for on the distinction between direct and indirect jobs attributable to the Games, or on the spatial impact of the Games, or on the origin of workers employed in jobs. One potential means of identifying some sort of comparable framework for employment impacts is by reference to the accreditation records held by host cities.¹² Accreditation should be the means by which specific persons (employees and volunteers) are granted access to Olympic Venues during Games-time. These accreditation records can give a definitive number for formal Games-time employment but do not give any indication as to wider employment impacts including, for example, construction employment leading up to or tourism employment during the Games.

¹¹ *Business and Economic Benefits of the Sydney 2000 Olympic Games*, PwC, 2002.

¹² See official post-Games report on host cities.

3 Creating the built environment

3.1 INTRODUCTION

This section sets out our estimates of employment likely to be created in the built environment sector, generated by the construction work directly attributable to the 2012 Games.

The employment estimates in this section are therefore focused on the following:

- **The planning and administration of the construction for the Games.** Fundamentally, this refers to the jobs within or contracted by the Olympic Delivery Authority (ODA), which is responsible for the delivery of venues, infrastructure and the built environment legacy of the Games.
- **The actual construction for the Games.** This refers to the work that will go into constructing the Olympic Park and venues across London and the UK, the related infrastructure and the post-2012 legacy build.¹³ We consider both direct employment and indirect and induced employment.¹⁴

This section draws heavily on the work we are currently undertaking with CITB-ConstructionSkills regarding the construction employment and skills requirements of the 2012 Games. We have further informed this section through discussions with Mace Ltd, a construction management firm that is able to take an on-the-ground approach to construction job estimates. This section also draws on consultation with the ODA.

3.2 PLANNING AND ADMINISTRATION

The ODA is the single delivery body responsible for creating the infrastructure for the 2012 Games, as well as undertaking some operational work while the Games are underway.

It is early stages and there are no exact numbers yet on the amount of people who will be employed by or through the ODA. However, the ODA estimates that the authority itself will reach around 200 people at its peak. This peak is likely to have been reached by early 2007. The ODA will also commission a delivery partner to act as project manager for the 2012 construction.

¹³ The projects considered directly attributable to the Games are all the Olympic Venues, including those outside the Olympic Park, the Olympic Village, the Press and Broadcasting Centre, infrastructure and civil engineering works within the Olympic Park area, and other infrastructure works in the immediate area that would not have taken place had the bid not been successful.

¹⁴ Direct employment is that which is site-related. Indirect and induced employment is additional employment supported off-site by economic activity generated by the investment in construction. We refer throughout to person-years of employment – a person-year is the equivalent of one person employed for a full year. This is particularly important in the construction industry wherein people are not necessarily employed in the same job year-round. A person-year may represent, for example, two workers employed for six months each or 52 workers employed for a week each, equating to a year of employment.

3.3 CONSTRUCTION FOR THE GAMES

3.3.1 Construction employment estimates – an overview

We believe that of all sectors, in direct employment terms at least, the construction sector will receive the greatest positive impact from the 2012 Games. In our ongoing work with CITB-ConstructionSkills to forecast the construction employment needs of the Games, we have produced the following headline figures:

- Between 2005 and 2012, the construction work directly attributable to the Games will require **35,500** person years of employment.
- On average, this equates to over **5,000** person years of employment **each year** over the 7 years between 2005 3rd quarter and 2012 2nd quarter inclusive.
- The construction impact of the Games will not end in 2012 2nd quarter, although the Olympic Park and venues will be built by then. The dismantling and moving of Olympic Venues and modifications to the Olympic Village will be followed by continued regeneration and construction in the Olympic sites, focused mainly on residential build. We estimate that the legacy projects after the Games will generate over **15,000** additional person years of employment.
- There is no set timetable for the completion of this legacy work, although the dismantling, moving and modifications should be completed by end of 2013.

In total, therefore, we estimate that Games-related construction, both before and after 2012, will generate **over 50,000** person years of direct employment.

It is important to contextualise these numbers by reference to the Greater London construction sector. We have estimated that construction output directly attributable to the 2012 Games (excluding legacy) will be around £2.5 billion in 2000 prices.¹⁵ This figure includes elements outside the remit of the ODA, such as the Olympic Village, and indeed outside London itself. At its peak, in 2010, the Games construction work will generate around £0.5 billion. This will equate to around 3.7 % of total construction output in Greater London in 2010, which we forecast to be around £14.7 billion.

In employment terms, we estimate around 8,000 person years to be required by Games construction work in the peak-year of 2010. In the same year, we forecast 280,000 person years of employment to be generated directly by construction in Greater London. This means that the Games construction will equate to around 2.9 % of total regional construction employment.

Therefore, although the 2012 Games will be a considerable generator of jobs in the construction sector, these jobs will account for only a small proportion of construction employment in Greater London. The Games construction work will also pick up at a time when other large construction projects are winding down. For example, Heathrow Terminal 5 construction will be winding down over the next few years, and in estimated construction output terms, the T5 project is actually larger than the 2012 Games.

Finally, it should be noted that our figures focus on construction employment directly attributable to Games projects and do not account for any potential displacement that may occur. The construction job estimates presented are a gross figure. For example, there may have been construction and regeneration within the Lower Lea Valley even if London had not won its bid to host the Games. Our focus within this research was not to determine a net employment

¹⁵ All figures in this paragraph are in 2000 prices. All references to 2012 Games output and employment exclude legacy work.

impact but to understand how many jobs will be needed to successfully prepare and deliver the Games.

It is also important to note that these construction jobs do not include additional construction on other developments that may affect the Games, such as transport construction relating to the extension of the East London Line, the Docklands Light Railway extension or the Stratford City development.

The figures presented for construction jobs are site-specific, fundamentally linked to the locations where Games venues and infrastructure is being built (primarily London, but other venues are included such as the National Sailing Academy development in Weymouth). Given the context of job number estimates within the wider Greater London industry, of key interest to policymakers should not so much be the numbers themselves which may or may not be fully accurate, but the opportunity presented by the 2012 Games to use them as a catalyst to encourage people – particularly those who are currently disengaged from the labour market – to get involved and economically active.

3.3.2 Construction employment estimates by broad venue

Our construction estimates have been produced with CITB-ConstructionSkills. This work is ongoing and we will continue to refine our methodology and numbers.¹⁶ Our estimates are based on the following projects:

- venues and infrastructure, primarily in the Olympic Park but also including separate locations such as the National Sailing Academy development in Weymouth;
- other associated infrastructure in the immediate area;
- the Olympic Village;
- the Press and Broadcasting Centre;
- legacy work.

¹⁶ Our methodology's starting point is estimated **output**, based on figures provided in the LOCOG London 2012 Candidate File and adjusted by us to include only projects directly attributable to the Games, deflated to 2000 prices using DTI's Output Price Deflators and Experian forecasts. The projects considered directly attributable to the Games are all the Olympic Venues, including those outside the Olympic Park, the Olympic Village, the Press and Broadcasting Centre, infrastructure and civil engineering works within the Olympic Park area, and other infrastructure works in the immediate area that would not have taken place had the bid not been successful.

Output for Legacy projects is based on floorspace figures provided by the LDA. Estimates of output were calculated using the BCIS Quarterly Review of Building Prices, Issue 100, January 2006, and also deflated to 2000 prices. Timelines are based on Mace Ltd's estimates of the duration of each relevant project, which in turn is based on the *Design Optimised January Masterplan*. Phasing is based on data supplied by Mace Ltd in its recent 'Labour Forecasting for 2012' report for the LDA.

Estimates of **employment** are calculated using labour co-efficients developed for the Construction Skills Network Employment Model by the BCIS and the University of Dundee, except for those for stadia building which have been calculated using Mace Ltd's cost ratios for an average stadium. Labour co-efficients indicate the number of employees required to produce £1 million of output of different types of structure, in 2000 prices. These co-efficients are the result of ongoing research and will be refined further. The employment estimates have been segmented by the 23 Standard Occupational Classifications (SOCs) currently in use by CITB-ConstructionSkills. More detailed estimates by phasing and occupation were calculated by combining Mace Ltd data on project phases with employment data.

In broad terms, therefore, our estimates for construction break down as follows:

Figure 7: Construction employment for the 2012 Games

| Project | Construction person years of employment |
|----------------------|--|
| The Olympic Park | 21,000 |
| Other infrastructure | 5,000 |
| Olympic Village | 8,000 |
| Press Centre | 2,000 |
| Sub total | 35,000 |
| Legacy projects | 15,000 |
| Grand total | 50,000 |

Source: Experian Business Strategies (note that figures may not add due to rounding)

3.3.3 Construction employment estimates by phasing

Construction employment relating to the Games has already begun. We estimate that the scale of construction employment will rise to a peak in 2010. Figure 8 breaks down our estimates by broad type of venue, by year.

Figure 8: Construction person years of employment, by year

| Year | Olympic Park | Other infrastructure | Olympic Village | Press Centre | Legacy projects | TOTAL |
|-------------|---------------------|-----------------------------|------------------------|---------------------|------------------------|--------------|
| 2005 | 0 | 400 | 0 | 0 | 0 | 400 |
| 2006 | 1,000 | 600 | 300 | 0 | 0 | 2,000 |
| 2007 | 2,900 | 600 | 600 | 0 | 0 | 4,100 |
| 2008 | 3,600 | 800 | 1,200 | 0 | 0 | 5,600 |
| 2009 | 4,700 | 800 | 1,700 | 400 | 0 | 7,500 |
| 2010 | 5,900 | 400 | 2,400 | 600 | 0 | 9,300 |
| 2011 | 2,400 | 800 | 1,600 | 400 | 0 | 5,300 |
| 2012 | 100 | 500 | 400 | 200 | 0 | 1,300 |
| 2012-15* | 0 | 0 | 0 | 0 | 15,100 | 15,100 |

Source: Experian Business Strategies (note that figures may not add due to rounding) (there is currently no set date for completion of legacy work)*

3.3.4 Construction employment estimates by occupation

Given the scale of construction employment likely to be generated by the Games, we have sought to break it down by occupation using the labour co-efficients described in our methodology. We present our results in Figure 9. Again, it should be noted that research into co-efficients is ongoing. Refinement is required, for example to check the accuracy of the large numbers of wood trades in infrastructure projects. Further, these are standard co-efficients that will be affected by the final plans for venues and infrastructure in terms of materials used.

A key message for policymakers is the estimated amount of managers and professionals required by the Games construction work. It is unlikely that new entrants into the construction industry will be sufficiently skilled or experienced to benefit from these opportunities in time for the Games. Therefore, a key focus for policymakers over and above encouraging new entrants might be concentrating on upskilling those (particularly local) people already working within the sector.

Figure 9: Construction person years of employment, by occupation

| | Olympic Park | Other infrastructure | Olympic Village | Press Centre | Total |
|------------------------|---------------|----------------------|-----------------|--------------|---------------|
| Wood Trades | 2,463 | 805 | 1,258 | 259 | 4,785 |
| Bricklayers | 1,501 | 361 | 628 | 120 | 2,610 |
| Plasterers | 413 | 118 | 154 | 30 | 715 |
| Painters & Decorators | 811 | 322 | 503 | 96 | 1,732 |
| Roofers | 664 | 118 | 174 | 39 | 995 |
| Glaziers | 612 | 49 | 64 | 23 | 748 |
| Floorers | 498 | 106 | 166 | 27 | 797 |
| Specialist Operatives | 859 | 134 | 196 | 42 | 1,231 |
| Scaffolders | 330 | 59 | 87 | 14 | 490 |
| Steel Erectors | 335 | 53 | 91 | 17 | 496 |
| Plant Mechanics | 252 | 69 | 108 | 23 | 452 |
| Plant Operatives | 787 | 116 | 181 | 40 | 1,124 |
| CE Operatives | 662 | 74 | 206 | 50 | 992 |
| General Operatives | 765 | 134 | 473 | 78 | 1,450 |
| Maintenance Operatives | 301 | 74 | 116 | 24 | 515 |
| Electricians | 2,244 | 490 | 774 | 144 | 3,652 |
| Plumbers | 1,114 | 388 | 607 | 119 | 2,228 |
| Office Staff | 1,617 | 422 | 660 | 139 | 2,838 |
| Managers | 2,144 | 575 | 911 | 180 | 3,810 |
| Technicians | 486 | 122 | 194 | 36 | 838 |
| Professionals | 1,185 | 322 | 474 | 92 | 2,073 |
| Non-construction | 539 | 134 | 210 | 42 | 925 |
| TOTAL | 20,583 | 5,049 | 8,235 | 1,634 | 35,501 |

Source: Experian Business Strategies

3.3.5 Construction employment estimates by phasing and occupation

Labour co-efficients indicate the number of employees required to produce £1 million of output of different types of structure. However, on their own, they do not provide an indication of the phasing of occupations within a project's lifetime. We have therefore applied on-the-ground research by Mace Ltd who have used their knowledge of previous similar projects to estimate at what stage particular occupations tend to be required.

Using this information, we present our current estimates of the occupational phasing of construction employment up to the 2012 Games. As might be expected, the demand for employment in some occupations is much greater in the early stages of construction, particularly professional staff, technicians and scaffolders. Other occupations do not come on stream fully until the later stages of preparing for the Games, particularly electricians, maintenance operatives, painters and decorators who form a higher share of the construction employment after 2010.

Figure 10: Construction person years of employment, by occupation and year

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Wood Trades | 0 | 80 | 170 | 650 | 1290 | 1540 | 840 | 220 |
| Bricklayers | 0 | 40 | 220 | 320 | 730 | 960 | 270 | 70 |
| Plasterers | 0 | 20 | 80 | 40 | 170 | 270 | 130 | 20 |
| Painters & Decorators | 0 | 0 | 80 | 150 | 280 | 770 | 380 | 70 |
| Roofers | 0 | 20 | 110 | 160 | 260 | 350 | 80 | 20 |
| Glaziers | 0 | 10 | 110 | 150 | 190 | 270 | 20 | 10 |
| Floorers | 0 | 20 | 110 | 50 | 180 | 320 | 110 | 10 |
| Specialist Operatives | 0 | 20 | 130 | 100 | 240 | 420 | 300 | 20 |
| Scaffolders | 10 | 50 | 70 | 70 | 100 | 110 | 70 | 10 |
| Steel Erectors | 0 | 10 | 10 | 80 | 130 | 180 | 70 | 10 |
| Plant Mechanics | 10 | 40 | 50 | 80 | 90 | 100 | 60 | 10 |
| Plant Operatives | 20 | 100 | 190 | 230 | 210 | 210 | 130 | 40 |
| CE Operatives | 20 | 100 | 190 | 210 | 160 | 160 | 120 | 40 |
| General Operatives | 20 | 130 | 230 | 250 | 260 | 270 | 200 | 90 |
| Maintenance Operatives | 10 | 40 | 60 | 80 | 90 | 110 | 80 | 30 |
| Electricians | 0 | 110 | 500 | 960 | 890 | 630 | 280 | 280 |
| Plumbers | 0 | 40 | 170 | 350 | 520 | 670 | 430 | 50 |
| Office Staff | 70 | 220 | 390 | 420 | 520 | 540 | 600 | 70 |
| Managers | 120 | 400 | 600 | 650 | 630 | 730 | 610 | 70 |
| Technicians | 50 | 160 | 150 | 140 | 110 | 120 | 100 | 20 |
| Professionals | 100 | 340 | 340 | 350 | 300 | 350 | 230 | 50 |
| Non-construction | 20 | 80 | 120 | 150 | 160 | 210 | 140 | 50 |
| TOTAL | 450 | 2,010 | 4,090 | 5,640 | 7,490 | 9,320 | 5,260 | 1,260 |

Source: Experian Business Strategies

3.4 THE WIDER IMPACTS OF GAMES CONSTRUCTION

The construction spend attributable to the 2012 Games will generate direct employment, as described previously. However, this input into the economy will have wider impacts, creating indirect and induced jobs through a multiplier effect. In order to give a broad indication of the scale of indirect and induced employment that may be generated by the Games construction activity, we have applied our input-output model of London's economy to the direct employment numbers.

In brief, the multiplier effect from Games construction may generate around 11,000 additional person years of employment by 2012. However, these figures do not include any displacement or crowding out effects and the figures may therefore be lower than those presented here.

Figure 11: Estimated multiplier effect of Games construction employment, 2005 to 2012

| | Construction person years of employment | Construction person years of employment plus multiplier |
|--------------|--|--|
| 2006 | 2,000 | 2,680 |
| 2007 | 4,100 | 5,400 |
| 2008 | 5,600 | 7,500 |
| 2009 | 7,500 | 9,900 |
| 2010 | 9,300 | 12,300 |
| 2011 | 5,300 | 6,900 |
| 2012 | 1,300 | 1,600 |
| <i>Total</i> | 35,100 | 46,300 |

Source: Experian Business Strategies

4 Staging the Games

4.1 INTRODUCTION

This section sets out our estimates of jobs likely to be generated by the actual staging of the 2012 Games, drawing on a review of literature on previous Games, and on consultation with LOCOG.

The job estimates in this section are therefore focused on the planning and administration of the staging of the Games. Fundamentally, this refers to the jobs within the London Organising Committee of the Olympic Games (LOCOG), which is responsible for running of the Games. And of course the actual staging of the Games. This refers to the work that will go on during Games-time, those 6 weeks in 2012, and any lead-up and preparation for this. These will mainly be temporary jobs, often in specialist areas.

Hosting the Olympic and Paralympic Games is a huge undertaking. Official post-Games reports detail the scale of the logistical and organisational activity. Fundamentally, this activity is co-ordinated by the host city's organising committee, LOCOG in the case of London.

LOCOG is currently developing a master schedule of its resource needs, and this will give it a clearer indication of the number of people the committee will require. The master schedule will be discussed with the International Olympic Committee (IOC) and completed in the middle of 2006. Until that point, LOCOG has made broad estimates of their recruitment needs. We summarise these estimates here and comment on their likely accuracy with reference to previous Games (although, as highlighted in Section 2 of this report, drawing a conclusion on job requirements from previous Games literature is difficult).

At the outset of its preparations for the Games, LOCOG estimated that around 100,000 people would be required to organise and run them. This broke down as follows:

- 70,000 volunteers
- 3,000 paid staff directly employed by LOCOG
- 27,000 paid staff contracted by LOCOG

It should be noted that there are a number of large sporting events leading up to 2012 where skills and experience of LOCOG managed staff can be applied and developed, in the UK and where possible abroad. Indeed, there are many examples from previous Games where individuals and groups have taken part in earlier events to gain experience. Events leading up to 2012 include the 2008 Olympic Games and Paralympic Games in Beijing and the 2010 Commonwealth Games in New Delhi.

In the UK, events include the 2007 European Indoor Championships in Birmingham, the 2007 European Hockey Championships in Manchester, the 2007 Grand Depart of the Tour de France in London and Kent, the 2008 World Track Cycling Championships in Manchester, the 2008 World Swimming Championships in Manchester, the 2009 World Gymnastics Championships in London and the 2010 World Wheelchair Basketball Championships in Manchester, as well as ongoing major annual events such as the London Marathon and The Wimbledon Lawn Tennis Championships.

4.2 VOLUNTEERS

Without the help of tens of thousands of volunteers, modern Games would not be able to function or would become so costly as to be almost unviable. Therefore, the London 2012 Games has rightly emphasised the importance of its volunteer programme. Up until Athens 2004, volunteer numbers were rising with each Games, reaching around 60,000 in Sydney 2000. Therefore the number of 70,000 seems a reasonable estimate of volunteer requirements.

LOCOG has emphasised that the volunteer programme gives people from across the UK a chance to get involved in the Games. The volunteer programme also provides an opportunity to access hard-to-reach groups and local people who are currently disengaged from the labour market, an aim being addressed through the development of a Pre-Volunteer Programme. This enables volunteers to develop experience and skills, but also ensures that volunteers are sufficiently prepared to undertake their responsibilities during Games-time. Delivering a successful Games is key if London is to enhance its reputation as an outstanding place to work and do business, and volunteers will play a large part in this.

A further challenge for organisers will be retaining volunteers throughout the Games-time period – the Olympic and the Paralympic Games. Although the Paralympic Games are on a smaller scale, thousands of volunteers will still be required to enable them to run successfully. In Sydney, for example, around 13,000 volunteers worked on the 2000 Paralympic Games.¹⁷ A breakdown of the functional areas within which these volunteers operated is useful. It provides an indication of the focus of volunteering in the Sydney 2000 Games, and may broadly translate across to London 2012:

- Sport Competition – 22%
- Transport – 20%
- Spectator Services – 18%
- Medical – 9%
- Paralympic Village – 8%
- Security – 6%
- Accreditation – 4%
- Technology – 4%
- Services – 3%
- Press Operations – 3%
- Relations & Protocol – 2%
- Uniforms – 1%

¹⁷ *Official post-Games report of the Sydney 2000 Games.*

4.3 LOCOG DIRECT JOBS

The estimated 3,000 paid staff directly employed by LOCOG are likely to be in general professional occupations, rather than in specialist technical occupations (these latter will form a large part of the contract jobs). Of the 3,000 jobs, LOCOG estimates that around 66 % will be senior, high-level positions.

Until after the closing ceremony of the Beijing 2008 Games, LOCOG's best estimate is that the organising committee will employ around 250 people. By 2011, this will have risen to 3,000. Most of these 3,000 jobs will, therefore, last for a period of up to 4 years.

Although LOCOG is yet to develop its master schedule, it estimates that the greatest share of these 3,000 jobs will be in the following activities:

- Human Resources (HR) staff to screen, filter, interview, appoint, train, employ and (after the Games) de-commission the tens of thousands of staff and volunteers. Although some HR staff will be required at an early stage, LOCOG currently estimates that the bulk of HR staff will be required towards the end of 2011.
- Sponsorship staff to liaise and look after the sponsors of the Games.
- Communications staff to handle the huge public and press relations associated with the Games.
- A culture team to design and deal with the logistics for activities such as the opening and closing ceremonies.
- Specialists in the 26 individual sports of the Games.
- Legal staff to deal with issues including intellectual copyright of the Olympic Rings.

Around two-thirds of these jobs are likely to require high-level professional skills and qualifications. The estimated 1,000 other jobs will primarily be in support and administration roles, offering entry-level opportunities for lower-skills people. Given the short lead-time before many of the paid jobs directly employed by LOCOG come onstream, it is perhaps these 1,000 support jobs that provide the greatest opportunity for the LSC, LDA and partners to successfully intervene in terms of appropriate skills development provision.

In terms of comparison with previous Games, there are difficulties as discussed previously. In particular, even in terms of paid staff, it is difficult to consistently compare those directly employed by the relevant organising committee and those employed on a contractual basis. However, LOCOG has drawn on its discussions with Sydney 2000 Games organisers to inform its estimates. The Manchester 2002 Commonwealth Games was a much smaller event in scale, and its organising committee M2002 Ltd employed around 700 people, around a quarter of the number estimated for the London 2012 Games. This appears a reasonable estimate on the basis that the 2012 Games will involve around three times as many athletes and around an estimated ten times more visitors.¹⁸

In Manchester, a secondment programme was implemented to fill many of the positions within M2002 Ltd, particularly those positions coming on-stream 18 months prior to the Games. Positions were advertised within the Manchester City Council, creating considerable interest. More senior, specialist staff were headhunted where necessary.

¹⁸ *The Economic Impact of the 2012 Olympics*, Adam Blake, University of Nottingham, 2005.

4.4 LOCOG CONTRACT JOBS

The very broadly estimated 27,000 contractual jobs are likely to be mainly temporary, specialist jobs. LOCOG anticipate that the earliest of these jobs will come onstream 12-18 months prior to the opening ceremony. These staff will fundamentally be tasked with running the Games – such as venues, events, and technology. LOCOG is keen to ensure that as many of these jobs go to Londoners as possible, although it is aware that realistically a proportion of the 27,000 jobs will go to people from outside the capital, including those groups of internationals who specialise in events of this sort and travel from one to the next. LOCOG's primary concern is that the best available candidate fills each post. If this helps ensure the London 2012 Games is remembered as successful, then this is the best thing for the capital generally.

Given the fact that this initial estimate of 27,000 jobs is only indicative at this point, LOCOG has only a general view on the activity breakdown. This is broadly as follows:

- Significant numbers involved in the management of the sporting events. These event management teams will be highly specialised and a proportion are likely to be sourced from all over the UK and the world, as well as from the capital itself. These jobs are likely to be very temporary, operating around the six-week Games period and any necessary build-up time.
- Significant numbers involved in the management of the venues. These venue management teams are likely to be sourced from London insofar as it is possible. Staffing for the Olympic Velopark may need to draw on experience from the velodrome in Manchester. These jobs are likely to be fairly temporary, coming onstream in the months leading up to the Games.
- Over 1,000 technology/IT jobs, from 2008 onwards. These will be highly specialised jobs responsible for Games technology.
- Up to 4,000 private security staff, operating inside venues. Outside venues, the police will control security. Volunteers will also play a role in less critical aspects of security, such as bag-checking and general stewarding.
- Transport staff, although these will be under the auspices of the forthcoming Olympic Transport Authority. At the moment, it is unclear as to what proportion of transport staff required would be volunteers. In previous Games, it has usually been a high proportion.
- Other activities such as ticketing. However, it is difficult to estimate numbers at this stage because issues such as technology and e-ticketing are likely to significantly affect the levels of human resources required in these activities.

Many of the 27,000 contractual jobs will be short-term and/or specialist. However, there will be significant numbers of support and administrative jobs involved, in addition to large numbers of service jobs in sectors such as venue management and hospitality. The Olympic Village itself will be a temporary home to around 16,500 people (10,500 athletes and 6,000 officials) who will need looking after and catering for. There will therefore be opportunities for the Games to be used as a catalyst to engage local people in the labour market, and to enhance the capital's quality of customer service skills.

In principle, there will also be opportunities for local suppliers to capitalise on the opportunities of the Games. It should be noted that many of the opportunities are already fixed by IOC agreements with its main corporate sponsors – so, for example, McDonalds will provide all public catering within the Olympic Venues, Coca Cola will provide all beverages, Samsung all audio/TV/video equipment. Engagement with these corporate sponsors in terms of workforce training, recruitment and supply chain practices would therefore be desirable to maximise positive social and economic impacts.

The same difficulties remain as previous, in terms of comparison with previous Games. Again, it is difficult to consistently compare those directly employed by the relevant organising committee and those employed on a contractual basis. The Manchester 2002 Commonwealth Games employed around 10,000 contractors who we assume were temporary. This is around a third of the 27,000 temporary jobs estimated for the 2012 Games. Again, this appears a reasonable estimate on the basis that the 2012 Games will involve around three times as many athletes and around an estimated ten times more visitors.¹⁹

¹⁹ *The Economic Impact of the 2012 Olympics*, Adam Blake, University of Nottingham, 2005.

5 Showcasing London

5.1 INTRODUCTION

During the summer of 2012, the Games are likely to attract up to 300,000 spectators from overseas, over one million spectators from the rest of the UK and up to five million spectators from London itself. In addition, there will be over 100,000 other visitors for the Games, almost 50,000 from overseas in the shape of athletes, press, officials and the rest of the Olympic family. If these people leave with a positive impression of the city, then the Games will boost the reputation of London, strengthening its competitiveness not just as a tourist destination but also as a place to live and do business.

This is not just true for the six-week duration of the Games but for the entire run-up period, starting now, as well as after the Games. The nearer we get to the Games, the more London will be under scrutiny, and the more opportunities and risks there will be in enhancing or damaging the city's reputation as a clean, safe, tolerant, vibrant place to live or stay.

The Games pose a challenge for London, but also provide a unique lever by which existing and indeed new challenges can be addressed. The need to make the most of the Games means that issues as diverse as street cleanliness, restaurant quality and transport punctuality must be considered. And improvements in these and other areas are dependent to a large degree on the skills of London's workforce.

This section sets out our estimates of employment likely to be created in the London service sector, generated by the tourism spend directly attributable to the 2012 Games. We draw on a review of literature, particularly on the effects of Games visitors on previous host-cities. Our employment estimates are based on our modelling of the effects of anticipated tourism spend on the London labour market.²⁰

5.2 THE EFFECTS OF GAMES ON HOST-CITIES

There is no doubt that hosting the Games has a significant effect on cities, particularly in terms of boosting international recognition. The Barcelona 1992 Games have entered popular memory as a Games which put the city on the world map, catalysing a renaissance in its fortunes. More recently, similar claims were made for Sydney as this extract from the official post-Games report illustrates:

The effects of the Games on Sydney

For Sydney, for New South Wales and Australia, the Sydney 2000 Olympic Games provided massive exposure and publicity to the world and in many cases a first or a renewed awareness of Australia [...] Sydney in particular is now better placed to host tourists, with more quality hotel accommodation and the benefits of the training and development of the hospitality workforce which was concurrently pursued by the NSW and Australian tourism industry in the preparation for the Games.

Source: Official post-Games report of the Sydney 2000 Games

²⁰ The CGE model constructed by the University of Nottingham for the PwC report, *The Economic Impact of the London 2012 Games*, is more detailed in its estimates for the tourism sector, commissioned as it was for the Department of Culture, Media and Sport.

In the case of London, the UK's capital is already one of the world's most visited and well-known cities. London is therefore starting from a position of strength, and the Games present slightly different opportunities. Hugely important for London is to show that the city can put on the Games and make a success of them. For it is the Games themselves that have the capacity to remind the world why it is that London is one of the few truly global cities, and why it ought to remain the favourite business location in Europe for decades – perhaps generations – to come. A successful Games would greatly enhance London's reputation and remind people why it is such an ideal place in which to live, visit and do business. Additionally, it is also an opportunity to showcase the renaissance of East London, a lesser known and lesser visited part of the capital but which is set for huge investment and change over the coming decades as part of the wider Thames Gateway regeneration.

London is *the* place for leisure and tourism in the UK, arguably internationally. London's leisure and tourism industry – including sub-sectors such as restaurants, bars, entertainments, sports and visitor attractions – has almost 300,000 employees, a little under 8 per cent of all jobs in London.²¹ This is only slightly smaller than London's jobs in financial services and more than in manufacturing. It is also one of London's fastest growing activities. There were 30% more leisure and tourism jobs in 2001 than in 1995. Therefore, the 2012 Games provide an opportunity to showcase and further enhance London's role as a leisure and tourism capital.

This growth in the service economy places great emphasis on the customer service skills of London's workforce. As cited in the Sydney post-Games report, the Games are an opportunity to raise the bar in customer service excellence. In Sydney, a great deal of investment was made to boost customer care skills. General volunteers were recruited to fill front of house roles in areas such as Spectator Services, Transport and Community Information where the main prerequisite was a strong sense of customer service. The major initiative of 'Welcome the World' was a major customer service training programme. This offered specialised training tailored for the retail, hospitality and transport industries, with up to 50,000 places, funded by Government.

In the UK, those employed in service sectors such as retail, hospitality, leisure, travel and tourism are generally less well qualified than the UK workforce as a whole and there is little evidence of any increase in the qualification profile in recent years. To some extent this has not been a problem, as many occupations in these sectors have not required high-level skills. However, management and high customer service standards are critical. Visitors will remember the sites and the events but integral to their Games experience will be the service professionals in every hotel, every restaurant, and every venue. The service-sector will continue to grow in importance in London and other mature economies, and the 2012 Games provide an opportunity to make London's workforce the carriers of its torch.

5.3 THE IMPACT OF VISITOR SPEND ON EMPLOYMENT

The extent to which visitors spend in London, and the extent to which visitors are encouraged to come to London at all, depends critically on the quality of the tourism offer. In turn, the quality of the offer is dependent in large part on the level of workforce skills in sectors to which visitors are exposed. Barcelona achieved a marked and sustained upturn in visitor numbers, primarily due to the wider regeneration work that went on alongside the 1992 Games. Elsewhere, large increases in visitor numbers were temporary, with Sydney reportedly experiencing a 25% drop in visitor numbers in the two years after the Games – indeed, “early indications from Athens are of lower than expected tourism figures and ticket sales that are also below expectations.”²²

²¹ *Spending Time, London's Leisure Economy*, GLA Economics, 2003.

²² *After the Gold Rush – A sustainable Olympics for London*, IPPR and Demos, 2004.

Statistics on tourism in London by StarUK, sourced by Visit London, indicate that visitors typically split their spending between:²³

- Hotels and catering – 47%
- Retailing – 25%
- Transport – 18%
- Other services, such as entertainments – 10%

Currently, sectors are reporting problems with workforce skills, as illustrated in Figure 12. Accordingly, addressing these shortages in the run up to the 2012 Games is critical to the overall Games skills strategy. In addressing such skills shortages, a particular issue is the rate at which people flow into and out of these sectors. Some of these sectors have particularly high rates of labour turnover.²⁴

Figure 12: Skills shortage vacancies in London and England

| | London | | England | |
|-------------------------------|--|--|--|--|
| | % of establishments reporting skill-shortage vacancies | Skill-shortage vacancies as a % of all vacancies | % of establishments reporting skill-shortage vacancies | Skill-shortage vacancies as a % of all vacancies |
| Hotels and restaurants | 5 | 14 | 6 | 21 |
| Wholesale and retail | 4 | 23 | 4 | 23 |
| Transports and communications | 4 | 10 | 5 | 22 |
| All sectors | 4 | 22 | 5 | 25 |

Source: National Employer Skills Survey, 2005

Estimates derived from the London 2012 ticket allocation model suggest that during the period of the Games, there is likely to be an increase of almost £450 million of expenditure by visitors from outside London and the UK.²⁵ We used the statistics on tourism in London by StarUK, a website run by Visit Britain, to estimate how this is likely to be spent. On that basis, we estimate that tourists to London will spend their £450 million in the following sectors:

- Hotels and catering – £212 million
- Retailing – £113 million
- Transport – £81 million
- Other services, such as entertainment – £45 million

²³ Star UK (www.staruk.org.uk) provides survey data on how domestic visitors to London spend money – on accommodation, on eating and drinking and entertainments. We have adjusted this to match the sector classifications in Experian’s input-output tables.

²⁴ People 1st – the sector skills council for the hospitality, leisure, travel and tourism sector – has recently completed a survey of employers to understand recruitment and retention issues. The sector has traditionally suffered from high levels of labour turnover, and this research suggests that the main issue within the sector is retention rather than recruitment. Indeed, employers in London are least likely to suffer from hard-to-fill vacancies (when jobs are advertised they tend to attract a lot of applicants, partly as a reflection of the high number of overseas workers in the region). Primarily, poor strategic management skills and short-termism is compounded by poor recruitment skills, leading to inappropriate staff being recruited and a lack of investment in retaining and developing existing staff. *Recruitment and Retention Survey*, People 1st, 2005.

²⁵ *The Economic Impact of the 2012 Olympics*, Adam Blake, University of Nottingham, 2005.

The gross impact of this visitor spend will be an increase in employment, directly attributable to the Games. We have applied this visitor spending to an input-output model of London's economy, which enables us to input a shock to the economy. In the case of the Games, this shock is the expected visitor spending from outside of London, and the rippling effects across London's economy, given the modelled relationships between sectors in the capital.

On this basis, we estimate that up to 7,000 jobs will be generated to meet the additional requirements of visitors to the Games. These jobs are likely to be temporary, lasting during the 6-week Games-time period, perhaps stretching over the summer. According to the Australian Tourism Forecasting Council, Sydney experienced an increase in tourism two years before the Games themselves. However, this was partly a result of a big increase in marketing during that period and of Sydney being less well known as a tourism destination than London.

Any increase in tourism in the years leading up to the 2012 Games is likely, therefore, to be more muted. Indeed, the ex-ante Olympic Games Impact Study included nothing before 2012 in its summary of expected impacts on tourism.²⁶ However, it did suggest an increase in London and UK tourism after 2012 attributable to the Games. The largest increases in jobs for the period of the Games are likely to be in hotels and catering (including bars and restaurants) and retailing, followed by transport and entertainments. The multiplier effects of spending may induce up to 700 more jobs across a range of all other business sectors in London.

Figure 13: Tourism-related jobs from anticipated visitor spend

| | Gross change in jobs |
|--|-----------------------------|
| <u>Tourist related sectors</u> | |
| Hotels and Catering | 2,500 |
| Retailing | 2,200 |
| Transport | 700 |
| Other services, such as entertainments | 600 |
| | 6,000 |
| <u>Other sectors</u> | |
| All other sectors | 700 |
| Total employment | 6,700 |

Source: Experian Business Strategies

At this stage, the exact visitor numbers and patterns of spending are unclear. Improvements to journey times in the UK mean that many visitors to the Games may decide to take day-trips, rather than overnight stays. Improvements to the Channel Tunnel Rail Link mean that, in principle, visitors from Western Europe could also take day-trips.

It is also unclear as to whether the Games will persuade other potential visitors to stay away during the Games. In this case, the Games would have the effect of crowding out the normal run of tourism. Nevertheless, this does not alter the key challenge for London's leaders, policymakers and people, which is to ensure that those who do visit the capital during the Games come away with an impression of service excellence.

²⁶ *Olympic Games Impact Study – Final Report*, PwC, December 2005.

6 Skills and inclusion: a sustainable Games

6.1 INTRODUCTION

The 2012 Games are a unique opportunity to present to the world a vibrant, multi-cultural, inclusive London. For this to happen, accessibility to all aspects of the Games must be maximised for the people of the UK, particularly Londoners, and especially local residents. The heart and pulse of the Games are to be in East London, an area of great diversity and severe deprivation. In a do-nothing scenario, it is unlikely that the benefits of the Games would be greatly felt by the people who most need them, disengaged as they often are from the labour market and unconnected to the development and regeneration going on around them. This is particularly so if the Games are to be inclusive of Black, Asian and Minority Ethnic (BAME) groups, disabled people and women.

This section of the report firstly provides a broad overview of the labour market context for the 2012 Games, focusing mainly on London and the 5 Host Boroughs. The purpose of this is not to undertake a full labour market assessment, but to establish the context within which policymakers will be operating when attempting to maximise the benefits of the Games for traditionally underrepresented groups.²⁷

Having established the labour market issues facing policymakers, we provide a summary of practices elsewhere which have sought to maximise the employment and skills effects of large events or construction projects. These practices are drawn from previous Games and from a case-study review of large recent construction and regeneration projects in Greater London. Individual case-study summaries are provided in the annex to this report.

6.2 THE LABOUR MARKET CONTEXT

The Games will no doubt draw on people from across the UK and internationally to fill many of the positions required. Greater London itself, including its constituent parts such as the East End, has a large labour catchment area. Travel to work distances are very high, drawing in people from across the Greater South East and beyond.

Our previous sections have illustrated that the Greater London labour market as a whole should not be stretched by the employment likely to be generated by the Games. In this section, we focus on the labour market capacity and characteristics of the 5 Host Boroughs.

We begin with a contextual note on the profile of BAME groups, women and international migrants in key sectors likely to be affected by the 2012 Games.

²⁷ Throughout this section, we proxy level of skills by level of qualifications. The many qualifications available are simplified and defined in the Labour Force Survey as National Vocational Qualification (NVQ) equivalents.

6.2.1 Ethnicity, gender, international migrants in the London workforce²⁸

The population of London is diverse, and the trend is increasingly so. Although the ethnic make-up has changed between 2001 and now, as a baseline Figure 14 illustrates the diversity of the population for the 5 Host Boroughs. Around one-half of residents in Tower Hamlets are BAME groups (predominately Bangladeshi), rising to two-thirds in Newham (a mix of Black and Asian groups). Specific measures are needed if a real attempt is to be made to engage these communities in Games-related opportunities.

Figure 14: Ethnic profile of the 5 Host Boroughs, as % of total population

| | White | Black | Asian | Other | All (000s) |
|----------------|-------|-------|-------|-------|------------|
| Greenwich | 77 | 11 | 7 | 5 | 214 |
| Hackney | 59 | 25 | 9 | 7 | 203 |
| Newham | 39 | 22 | 33 | 6 | 244 |
| Tower Hamlets | 51 | 6 | 37 | 5 | 196 |
| Waltham Forest | 64 | 15 | 15 | 5 | 218 |
| London | 71 | 11 | 12 | 6 | 7,172 |
| England | 91 | 2 | 5 | 2 | 49,139 |

Source: Census 2001

In terms of international in-migration, patterns are already changing since the accession of new EU member states and it is difficult to forecast patterns over the next 7 years or so. Recent research by GLA DMAG states that workers born outside the UK account for around 30% of people in employment in London, although many of these have lived in the capital for some time and form part of the long-standing local communities.²⁹ Indeed, 38% of Newham residents were born outside the UK. In terms of specific sectors, around 23% of construction employment is filled by those born outside the UK. And it is in hotels and restaurants that this group accounts for the greatest proportional share – almost 60% of hotels and restaurants staff in London were born outside the UK.

According to GLA Economics, BAME groups account for around 20% of London's workers as a whole. However, only 13% of construction workers are from BAME groups. Conversely, BAME groups account for close to 35% of jobs in distribution and catering, and are also slightly over-represented in transport and communications and public services. In the construction sector, only 10% of construction workers are women. Female representation in the sector is lower than in any other. Conversely, women are over-represented in service sectors.

On this basis, there are considerable equality and diversity challenges for policymakers in planning for the 2012 Games, over and above aspirations to enable local communities to access as many opportunities as possible. Under-representation of certain BAME groups and women in construction, the sector likely to see the greatest impact from the 2012 Games, will complicate efforts to maximise benefits for local communities. And the current 60% proportion of those born outside the UK who fill hotel and restaurants jobs, another key 2012 employment sector, implies that this sector is susceptible to penetration by new workers from abroad. Residents, regardless of whether they were born locally or have moved at some point from abroad, will therefore need to be appropriately skilled and engaged if they are to take advantage of these opportunities.

²⁸ *Laying the Foundations – London's construction industry*, GLA Economics, February 2006. *Country of Birth and Labour Market Outcomes in London*, GLA Data Management and Analysis Group, January 2005. Data in each publication is taken from ONS and Labour Force Survey.

²⁹ The report showed that 50 % of all non-UK born Londoners arrived before 1989. See *Country of Birth and Labour Market Outcomes in London*, GLA DMAG, January 2005.

6.2.2 A profile of the 5 Host Boroughs

In pure numerical terms, there is no shortage in the number of potential workers at any given skill level living in the 5 Host Boroughs. The challenge is ensuring that people have the *right skills for the right jobs*. A further challenge is not so much ensuring that ‘jobs are filled’, but that job opportunities can be harnessed to engage inactive and hard-to-reach groups who would not otherwise access them, and to boost skill levels within the local community generally. These skills issues should be addressed alongside other barriers to employment.

A headline overview of the 5 Host Boroughs presents the following picture:

- A working age resident population of almost 720,000. A quarter of these are qualified to NVQ level 4 and above, but another quarter have no qualifications.
- At NVQ level 4 and above, Hackney (30% of the population) reflects the London average, followed by Tower Hamlets (27%) and Greenwich (26%). However, Newham (16%) is significantly under-represented in terms of the highest-level qualifications.
- Of people with no qualifications, Newham (30% of the population), Tower Hamlets (27%) and Hackney (24%) are all substantially above the London average.

Figure 15: Distribution of qualifications as % of the resident working age population

| | London | Greenwich | Hackney | Newham | Tower Hamlets | Waltham Forest |
|-------------------------|---------|-----------|---------|---------|---------------|----------------|
| NVQ 4+ | 31 | 26 | 30 | 16 | 27 | 24 |
| NVQ 3 | 12 | 13 | 9 | 9 | 9 | 8 |
| Trade Apprenticeships | 4 | 5 | 3 | 3 | 2 | 4 |
| NVQ 2 | 12 | 15 | 8 | 12 | 10 | 14 |
| NVQ 1 | 11 | 11 | 9 | 12 | 9 | 15 |
| Other Qualifications | 16 | 13 | 17 | 18 | 17 | 14 |
| No Qualifications | 15 | 17 | 24 | 30 | 27 | 20 |
| All working-age persons | 142,900 | 141,300 | 157,600 | 136,300 | 140,300 | 142,900 |

Source: *Neighbourhood Statistics, Labour Force Survey 2004*

In each of the 5 Host Boroughs, not only are qualification levels lower but also so is the employment rate for residents. Compared to the London rate of employment of 70%, employment rates in boroughs such as Tower Hamlets (54%), Newham (57%) and Hackney (57%) are low. Inactivity rates are also high. In London, 26% of the working age population are inactive (rising to 33% of females), but in Newham and Tower Hamlets almost 40% of the population are inactive and around 30% of the population say they do not want a job.³⁰

There are also discernable patterns within headline employment rates that differ sharply by level of qualification. Among residents with higher-level qualifications and trade apprenticeships, employment rates are high and little different from the London average. Among groups with no qualifications, employment rates are particularly low. Tower Hamlets (29%) has the lowest rate, but it is below 40% in all the boroughs.

³⁰ Annual Population Survey, April 2004 – March 2005.

6.2.3 A skills profile of residents

The “local jobs for local people” agenda is a key aspect of the Sustainable Communities Plan. Our review of practices later in this section sets out methods used in other large projects to take forward this agenda, such as through local labour agreements. However, of particular concern for policymakers will be those residents with lower skill levels in the 5 Host Boroughs. These residents are more likely to be disengaged from the labour market and may require considerable time spent in education, training and mentoring programmes just to get to a position where job opportunities are within reach.

Skills and employment levels in the 5 Host Boroughs are interwoven with gender, age and ethnicity. The Labour Force Survey shows that residents with no qualifications are:

- slightly more likely to be female but no more than the London average;
- more likely to be aged 25-49 (56%) than the London average but less likely to be aged over 50;
- less likely to be of white ethnicity (49%) than the London average, although this is the largest ethnic group with no qualifications – groups with no qualifications are more likely to be of Pakistani and Bangladeshi ethnicity (25%) than the London average.

Figure 16: % working age residents with no qualifications by gender, age and ethnicity

| | Great Britain | London | Host 5 ³¹ |
|---------------------------|---------------|--------|----------------------|
| Gender | | | |
| Male | 47 | 48 | 48 |
| Female | 53 | 52 | 52 |
| Age | | | |
| Aged 16-19 | 10 | 9 | 6 |
| Aged 20-24 | 5 | 6 | 7 |
| Aged 25-34 | 13 | 17 | 19 |
| Aged 35-49 | 30 | 34 | 37 |
| Aged 50+ | 42 | 35 | 31 |
| Ethnicity | | | |
| White | 88 | 63 | 49 |
| Indian | 2 | 6 | 4 |
| Pakistani and Bangladeshi | 4 | 9 | 25 |
| Black or Black British | 2 | 10 | 11 |
| Other Ethnic | 3 | 11 | 9 |

Source: Neighbourhood Statistics, Labour Force Survey 2004

A similar picture holds true for residents with low qualification levels – the 5 Host Boroughs have a higher share of working age residents with low NVQ level 1 qualifications who, in turn, also have lower employment rates than people elsewhere with low qualifications.

³¹ The sample size of workforce surveys becomes unreliable in exploring this in detail at a local area level; therefore we have grouped the boroughs together into a Host 5.

6.2.4 The Games' demand for skills

As discussed in the opening sections of this report, the Games' demand for skills can broadly be divided into three areas:

- Creating the built environment.
- Staging the Games.
- Showcasing London.

In creating the built environment, most of the jobs are expected to be construction-related and in administration related to the construction work. The current qualification profile of key occupations in both construction and public administration provides a useful indication of the skill levels likely to be required in the build up to 2012 (Figure 17).

There are some entry-level opportunities for people with low or no qualifications but it is workers with trade apprenticeships and appropriate construction qualifications who will most benefit from the Games construction work. Construction jobs, either in construction trades and building trades, are characterised by high numbers of people with trade apprenticeships or qualifications up to NVQ level 3. Production managers in construction are likely to be qualified up to NVQ level 4. Most construction sites now require at least some formal certification, such as the Construction Skills Certification Scheme card, for people to be allowed to work on them.

Jobs in administration are more likely to benefit people with higher-level qualifications – almost half of all public service professionals have NVQ level 4 qualifications and there is little opportunity for people without qualifications.

Therefore, in terms of creating the built environment, key policy issues are:

- ensuring local people gain entry-level qualifications, at the earliest possible stage;
- focusing not only on entry-level issues, but the large opportunity presented to up-skill local workers and enable them to access the higher-level jobs, particularly in management and technical occupations;
- using the Games as a catalyst to boost skills and activity in the built environment sector generally.

Figure 17: Creating the built environment

| | Typical qualifications structure of sectors by key occupation (%) | | | | | | |
|----------------------------------|---|------|-----------|------|------|-------------|----------|
| | NVQ4+ | NVQ3 | Trade App | NVQ2 | NVQ1 | Other quals | No quals |
| Construction³² | | | | | | | |
| Construction Trades | 6 | 25 | 28 | 10 | 12 | 7 | 12 |
| Building Trades | 5 | 17 | 30 | 8 | 14 | 8 | 18 |
| Production Managers | 43 | 18 | 13 | 9 | 8 | 5 | 5 |
| Public Administration | | | | | | | |
| Administrative: Government | 25 | 21 | 2 | 29 | 16 | 4 | 3 |
| Protective Service | 22 | 23 | 6 | 22 | 16 | 7 | 3 |
| Public Service Professionals | 48 | 20 | 2 | 15 | 9 | 4 | 1 |
| All occupations | 31 | 16 | 6 | 16 | 13 | 8 | 9 |

Source: Labour Force Survey, 2005

³² Building Trades (SOC532) cover plasterers, floorers and wall tilers, painters and decorators.

In the staging of the Games, many of the employment opportunities will be temporary. In principle, this provides a great opportunity for providing a catalyst to get local people (particularly disengaged people) involved in the Games, generating skills and experience that are sustainable beyond 2012. Realistically, however, many of the more specialist jobs – particularly those involved in the staging of the events themselves – will be done by international experts, of which the UK itself should be able to provide a fair proportion. The voluntary programme is more likely to act as the catalyst in this sense.

The staging of the Games employment that is of more relevance to policymakers and local people is in administration and support activities. This includes the 3,000 LOCOG general professional jobs, particularly the 1,000 support and administrative jobs within this. But this also includes elements of the broadly estimated 27,000 jobs, particularly those within venue management, security, technology, creative, transport and services activities.

The current qualification profile of key occupations in these activities provides a useful indication of the skill levels likely to be required in the build up to 2012 and during Games-time. Figure 18 shows the percentage of people within these occupations by level of qualification. The key messages from this are that people with low or no qualifications take most jobs in elementary services. At the other end, the managerial roles in staging the Games are likely to require high qualification levels, not to mention significant levels of experience. Jobs in transport activities are distinct, with many transport driver occupations reaching a highest level of NVQ 3, while occupations in leisure and travel services tend to have a greater representation of qualifications at level 4 and above. Recreational activities tend to require higher level qualifications – the majority of artistic and literary, media associate, and sports and fitness occupations have NVQ level 4 and above qualifications.

Therefore, in terms of staging the Games, key policy issues are:

- whether to focus on entry-level paid job opportunities for local people with lower skills levels or specialist opportunities for local people, which would involve strong competition from specialists from across the UK and internationally;
- working with LOCOG to identify as early as possible, pursuant to its master schedule expected in July 2006, those jobs that are relevant to local people – there will be a lead-time of between two to five years before many of these jobs come on-stream;
- harnessing the volunteer programme alongside employment initiatives to enable local people (particularly hard-to-reach groups) to get involved in the Games, with a view to creating sustainable skills and employment in the long-term.

Figure 18: Staging the Games

| Typical qualifications structure of sectors by key occupation (%) | | | | | | | |
|---|-------|------|-----------|------|------|-------------|----------|
| | NVQ4+ | NVQ3 | Trade App | NVQ2 | NVQ1 | Other quals | No quals |
| Business Activities | | | | | | | |
| Elementary cleaning | 2 | 6 | 4 | 13 | 18 | 15 | 42 |
| Elementary security | 9 | 11 | 7 | 16 | 21 | 15 | 20 |
| Functional managers | 58 | 15 | 3 | 12 | 6 | 4 | 3 |
| Transport Activities | | | | | | | |
| Transport drivers and operative | 6 | 11 | 11 | 11 | 18 | 25 | 18 |
| Leisure and travel service | 20 | 23 | 2 | 24 | 15 | 10 | 6 |
| Recreational activities | | | | | | | |
| Sports and fitness | 41 | 19 | 5 | 16 | 7 | 8 | 2 |
| Artistic and literary | 57 | 11 | 3 | 8 | 7 | 7 | 6 |
| Media associate | 63 | 13 | 2 | 9 | 6 | 5 | 1 |
| All occupations | 31 | 16 | 6 | 16 | 13 | 8 | 9 |

Source: Labour Force Survey, 2005

As a result of the visitors coming to London for the Games, there will also be jobs generated in showcasing the capital. These will primarily be service-sector jobs scattered across London, within the retail, hotels and restaurants sectors. Although a large proportion of these employment opportunities will be generated during the six-week period of the Games, perhaps stretching out across the summer, there will also be a lot of additional visitors in the years preceding the games, and hopefully a legacy of additional opportunities post-2012. The longer-term benefits of enhanced service excellence are more difficult to estimate.

The current qualification profile of key occupations in these sectors provides a useful indication of the skill levels likely to be required in the build up to 2012 and during Games-time. Figure 19 shows the percentage of people within these occupations by level of qualification.

Unlike many of the jobs required in creating the built environment and staging the Games, many of these service-sector jobs do not require such high-level qualifications. The jobs are likely to provide opportunities for entry-level people, or people with NVQ level 1 and 2 qualifications. It is true that at a managerial level, around one-fifth of workers hold NVQ level 4 and above qualifications, but the qualification profile of this element of the Games is lower than others.

Therefore, in terms of showcasing London, key policy issues are:

- harnessing these entry-level opportunities to engage local people who are inactive or traditionally hard-to-reach;
- upskilling service staff to enable them to access the higher-level opportunities available, particularly in managerial occupations;
- using the Games as an opportunity to invest in customer service skills, both as a lever for improvement of people working within the sector, and as a chance to showcase London as a great city to visit, work and live to the rest of the world.

Figure 19: Showcasing London

| Typical qualifications structure of sectors by key occupation (%) | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------|----------|
| | NVQ4+ | NVQ3 | Trade App | NVQ2 | NVQ1 | Other quals | No quals |
| Retail trade | | | | | | | |
| Sales Assistants | 10 | 19 | 2 | 25 | 20 | 7 | 16 |
| Managers in Retail | 21 | 16 | 7 | 20 | 18 | 9 | 9 |
| Elementary Sales | 8 | 18 | 4 | 21 | 26 | 9 | 13 |
| Hotels & restaurants | | | | | | | |
| Elementary Personal Services | 8 | 20 | 2 | 21 | 18 | 14 | 16 |
| Managers in Hospitality | 24 | 19 | 5 | 19 | 13 | 13 | 8 |
| Food Preparation Trades | 8 | 15 | 9 | 21 | 17 | 17 | 13 |
| All occupations | 31 | 16 | 6 | 16 | 13 | 8 | 9 |

Source: Labour Force Survey, 2005

6.2.5 Local skills and Games demands: the gap

The Games provide considerable opportunities for local people to get engaged, through volunteering, via entry-level jobs or by upskilling. However, it is unlikely (and, to some extent, not particularly desirable) that all the jobs generated by the Games will or should be filled by local Londoners. So where are the job opportunities likely to be concentrated, and to what extent is the local labour market geared up to take them?

In terms of **demand**, the key issues are:

- **What phase?** Creating the built environment, staging the Games or showcasing London?
- **What jobs?** What types of jobs are available within each phase?
- **What skills are needed?** What level of skills are required within each phase and within different types of jobs?

Figure 20: Summary of Games demand for skills

| What phase? | What jobs? | Which skills are needed? |
|--------------------------------|---|--|
| Creating the built environment | Preparation and administration of the construction work. Construction, management of construction and facilities management. | Some high level skills needed for management and administration. Mostly middle level skills, especially in construction. Entry-level qualifications required for almost all posts. |
| Staging the Games | Temporary specialist jobs. General professional posts, including admin and support posts. Venue management, security, creative, transport and service activities. Recreation, sports, entertainment and media. | Many jobs are highly specialised. Many general professional posts require high-level qualifications. Considerable numbers of jobs in admin and support requiring lower-level qualifications. |
| Showcasing London | Retail sales and in hotels and restaurants. | Most jobs requiring low or middle skills levels for retail and catering. Some management roles. |

In terms of **supply**, the key issues are:

- **Level of skills?** High, middle or low level skills?
- **Local supply of skills?** The extent to which these skills are prevalent currently within the five Olympic Boroughs.
- **Are residents using skills?** The rate of employment and therefore whether residents are using skills in the workplace.

Figure 21: Summary of local supply of skills

| Level of skills? | Local supply of skills? | Are residents using skills? |
|---------------------|--|--|
| High level skills | The 5 Host Boroughs have a lower share of residents with higher-level qualifications than London. | Employment rates in this group are high. |
| Middle level skills | The 5 Host Boroughs have a share of residents with mid level qualifications slightly below that of London. | Employment rates in this group are low compared to London. |
| Low level skills | The 5 Host Boroughs have a higher share of residents with low-level qualifications than London. | Employment rates are poor compared to London. |

On the basis of this gap analysis, it is evident that there are considerable opportunities for local people to benefit from the Games *but only if policy interventions are successful in providing people with the confidence and skills necessary and helps them to overcome other barriers to employment, such as childcare*. Just as important will be influencing the demand side, particularly private sector employers, to open up job opportunities to local people and to invest in skills and workforce development.

The broad conclusions from our local labour market overview are summarised in Figure 22.

Figure 22: Demand and supply matrix

| Which jobs? | Will residents be able to access the jobs? |
|--|--|
| Creating the built environment | |
| Construction | Many jobs in construction trades and building trades require workers with middle level skills. The 5 Host Boroughs are under-represented in the share of residents at this skill level. In the construction industry where workers are highly mobile, local residents are not currently in a strong position to access these jobs. |
| Public Administration | Many of the jobs in administering the Games require workers with higher-level skills. The 5 Host Boroughs are slightly under-represented in the share of residents at this skill level. Some local highly skilled residents may be in a strong position to access these jobs. |
| Staging the Games | |
| Business Activities | Many available opportunities will be in support and administrative roles. These provide great potential for involving local people. However, jobs at the higher-end will be highly specialised and highly skilled. |
| Transport, Security and Ticketing Activities | Many transport, security and ticketing activities will be accessible by local people, although the extent to which these are paid or voluntary is currently unclear. |
| Recreational Activities | Many of the jobs in recreational activities require workers with higher-level skills, particularly in the creative and cultural sector. Although these jobs may be outside the range of many local people at this stage, they do provide a unique opportunity to involve higher-skilled locals in the creative industries. |
| Showcasing London | |
| Retail Trade | Retail is traditionally an entry-level sector, with good possibilities for locals to get involved and indeed to boost skills within the sector. These jobs are likely to be dispersed more widely across the capital. |
| Hotels and Restaurants | Hotels and restaurants require customer service skills but, at the entry-level, fewer formal qualifications. These jobs therefore provide locals with a good opportunity to get involved in the activity generated by the Games. As staff in these jobs will be in the front-line for visitors, boosting customer-service skills will be as important for the capital as a whole as for individuals entering or progressing through the sector. |

6.3 INFLUENCING EMPLOYMENT AND SKILLS PRACTICES

The Games have the potential to provide unique opportunities for local people. To be able to support the LSC, LDA and partners in their aim to maximise the employment and skills effects of the Games, we undertook a review of practices elsewhere. We drew these practices partly from previous Games but mainly from a case-study review of large recent construction and regeneration projects in Greater London.³³

³³ Individual case-study summaries are provided in the annex to this report. These summaries provide full details of each case study including quantitative evidence where available.

The case studies involved extensive desk research and consultations on:

- Heathrow Terminal 5.
- Wembley Stadium.
- Paddington Basin.
- Arsenal Emirates Stadium.
- Greenwich Peninsula.
- Bluewater Shopping Centre.
- Manchester 2002 Commonwealth Games.

The rest of this section highlights common themes arising from our review of practices. We anticipate that by highlighting the broad workings (including successes and failures) of various practices, policymakers will be able to return to relevant examples in more detail in order to inform the work of the London 2012 Employment and Skills Taskforce.

When instigating the Games-related employment and skills interventions, it should be noted that one key success factor arose time and time again in consultations. That is that interventions in employment and skills are fundamentally people-orientated. Although robust and effective processes are essential components of successful interventions, of overriding importance are the day-to-day relationships established between stakeholders, especially those between employers and local people. Therefore, the people employed to work on the front-line of these interventions are fundamental to their degree of success. All of the effective interventions reviewed had front-line staff with high levels of interpersonal skills, the ability to manage projects and to get people working together. Indeed, these are the skills at the heart of Egan's sustainable communities.³⁴

6.3.1 Partnerships and relationships

Our review of relationships and partnerships operating in case-study sites suggests there is currently no one-size-fits-all structure for such arrangements. However, consultees stated that the omission of a partner (for whatever reason) could have detrimental effects on an initiative. The list of potential partners is long although our review of existing partnerships suggests that core partners should be a representative from the developer/owner side, the local LSC, Jobcentre Plus and the relevant local authority.

However, also important to have on board are relevant Sector Skill Councils, local education and training providers, universities, business representatives and any relevant local partnership. A large, high profile partnership for the 2012 Games is also likely to need representation from the ODA and LOCOG and involvement from the Greater London Authority and the LDA.

Participation in employment and skills initiatives can be voluntary or compulsory. Compulsory schemes can speed up the process significantly, although the nature of compulsion tends to differ from site to site. For example, in the Greenwich Peninsula, all jobs must be registered with the on-site Work and Learn Centre, ensuring that local people are at least given the opportunity to apply for jobs as they arise. In Heathrow, a "passport" scheme was introduced, without which people are not allowed to work on the site. Failure to comply with training standards resulted in some contractors being excluded and contracts terminated.

³⁴ *The Egan Review: Skills for Sustainable Communities*, ODPM, 2004.

In developments with more flexible arrangements, significant employer buy-in can take time, up to 18 months in the case of the Emirates Stadium. This process can be sped up if owners or master developers themselves are given a lead role – for example, Arsenal Football Club took the lead at the Emirates Stadium, BAA at Heathrow Terminal 5 (the Heathrow Retail Academy was supervised by BAA’s Head of Retail Operations). Successful branding is also important – for example, the Building One Stop Shop (BOSS) became a well-known brand among employers at Wembley and T5.

Particularly with regard to the construction phase of a development, it is important to designate a single lead organisation (or establish a forum) to oversee the recruitment and training process and liaise with stakeholders on behalf of the contractors on site. In case-study sites reviewed, this aided effective communication and ensured the quick resolution of issues, as well as providing a single contact-point. For example, the Bluewater Foundation acted as co-ordinator for the range of Bluewater programmes, leading a partnership between contractors, trade unions, local councils, training providers, Jobcentre Plus and the Chambers of Commerce.

Similarly, the Heathrow Employment Forum successfully brought together BAA Heathrow, local LSCs, construction suppliers and other local agencies to work together to implement the BAA Local Labour Strategy. Creating an umbrella organisation, such as Brentin2work, helped to prevent competition between agencies with overlapping objectives. Working with a range of stakeholder organisations via a single contact-point also increased referrals – for example, BOSS received referrals from Jobcentre Plus, community groups, homelessness projects, housing associations and others.

Therefore, considerable thought should be given to the structure of partnership arrangements at an early stage. The omission of a partner can create gaps in an initiative’s delivery capacity – for example, the omission of the LSC means not only the loss of the council’s strategic capability but a key intermediary with local colleges and training providers. The involvement of partners with an understanding of employer needs, such as Sector Skill Councils, is also important to secure business buy-in.

6.3.2 Programme structures

A common theme in successful programme structures is minimising the cost and time input from employers without unduly reducing their engagement. Both T5 and Bluewater seemed to have largely succeeded in achieving this balance.

A number of characteristics are identifiable in successful programme structures:

- a matching service between suitable candidates and vacancies, and pre-screening schemes for employers;
- a brokerage service which builds on job-matching to actively broker employment opportunities between candidates and businesses;
- onsite representation presenting a face to employers and individuals, offering services including job brokerage, training, advice and guidance;
- a website or hotline where employers can register jobs and individuals can register details;
- services for jobseekers such as referral to appropriate training, job search support, internet and phone access, CV writing help and advice on interview technique;
- an ethos of being employer-led, including working to hours that are convenient to businesses and contractors;

- demonstrable high level of understanding of the industry in question, such as that offered by the BOSS;
- a close network of public bodies – including local councils, Jobcentre Plus and outreach agencies – operating through a single contact-point.

The quality of the matching service and pre-screening schemes has played important roles in building credibility for the uptake of initiatives by employers. Consultees referred to a number of specific examples in which employers were persuaded to fully buy-in only after witnessing or experiencing positive outcomes from initiatives – for example, each time a Bluewater Foundation initiative provided benefits to a business such as job-matching an appropriate candidate, this was marketed to encourage further businesses to become involved. Sometimes, free job placements (on a temporary or voluntary basis) provided that first important step in engaging an employer.

A related success factor in case-study programme structures is the requirement (or encouragement) of employers to approve staff time off to volunteer. This was particularly successful in Paddington Waterside Partnership and Time for Paddington, where the value of volunteering was demonstrated to employers in terms of skills development and engagement with the local community.

In the Manchester 2002 Commonwealth Games, a Pre Volunteer Programme (PVP) was launched four years prior to the Games. This used outreach workers from local communities to target hard-to-reach groups, and was run in conjunction with Adecco (the official staffing sponsor). Around 50% of those engaged in the PVP were from regeneration areas in Manchester, 20% were from ethnic minority groups and 5% were disabled people. PVP participants comprised around 12% of Games-time volunteers. The PVP was also successful in moving volunteers into paid administrative and clerical positions within M2002 Ltd or employment generally – a documented 160 persons by 2003, although the estimated figure is thought to be higher. The Games-time Volunteering Programme was operated from a volunteer centre staffed and run by volunteers.

Finally, many case-study sites ran programmes that were specialised in one specific sector – usually construction or retail (or both, particularly in the case of T5 and Bluewater). Consultees commented that this enabled staff to build in-depth knowledge and extensive contacts in the sector, enhancing the credibility of programmes. The Manchester 2002 Commonwealth Games covered a wider range of sectors, but much activity around these sectors was focused on the volunteer programme. Operational staff were recruited on secondment or internationally, and any training needs tended to be dealt with on a case-by-case basis.

6.3.3 Skills and training

Skills and training initiatives in case-study sites were usually focused on specific employer requirements, and therefore differed from site to site. Common initiatives revolved around more legislation-oriented courses, including health and safety courses, first aid and manual handling certification, On Site Assessment and Training (OSAT), the Construction Skills Certification Scheme (CSCS) and similar card schemes. These common-denominator courses ensured that people working on sites met basic standards. Consultees also reported that even basic courses such as these instilled confidence in persons seeking to find work on sites. During the construction phase of case-study sites, more vocational courses and qualifications (including apprenticeships) were also offered to persons. Onsite training centres, such as the Construction Training Centre in Heathrow, were effective in boosting uptake.

Pre-employment initiatives were successfully implemented in a number of case-study sites. These were aimed at getting local people, particularly those with low skill levels, up to the standard required for them to access employment opportunities. At T5, for example, BAA designed the “Routes to Work” programme to offer customer service training, confidence building and interview preparation for people seeking to access retail jobs but without the necessary skill levels to do so. Basic skills training was also offered to airport cleaning staff.

Training tailored to the needs of employers was offered in various case-study sites, as an incentive for them to get involved. For example, a new qualification in events management was developed in the build up to the Manchester 2002 Games. Consultation was undertaken with employers in Bluewater to inform the development of courses offered by the local college. Greenwich Local Labour and Business offered tailored courses through a network of private training providers and freelance trainers.

A range of schools programmes sought to engage local school children and enhance vocational pathways between school and employment. In T5, for example, four construction skills training centres for 14-16 year olds were developed. These initiatives provide sites with a potential skilled workforce of the future, but were also symbolic of a commitment to the local area beyond simply ‘getting the job done’. Greenwich Local Labour and Business ran initiatives in schools such as “be a property developer for the day” and developed a teaching pack to help change the image of employment in the construction industry among teachers of schools close to the Greenwich Peninsula development.

There is less evidence of skills and employment initiatives being targeted at specific population groups. Case-study sites focused on providing a case-by-case solution via one-stop-shops or advisors, rather than comprehensive target initiatives. Some sites offered English language courses for international migrants, such as the “Languages2work” scheme in Wembley.

There was no consistent approach to the funding of training courses, but where training was free to employers and individuals, considerable success was achieved. BOSS offered free training, up to NVQ level 2 and 3, and extended this to include mentoring after a job had been secured. Often funding was split. In Bluewater and Greenwich Peninsula, for example, the developer Lend Lease provided facilities at cost whilst Jobcentre Plus and the local college provided staffing.

6.3.4 Timings

If employment and skills initiatives are to achieve maximum impact, it is essential that they commence at the earliest possible opportunity. A number of consultees commented that initiatives commenced too late, up to two years late in some instances. Implementing initiatives early gives them the chance to bed-in properly, and enables relationships between stakeholders to be built. Early implementation also makes it easier to engage businesses from the beginning, rather than part-way through. Importantly, given the lead-times for much of the training required particularly in the construction sector, initiatives must start early if persons are to move into work in the project period. Exact employment and skills requirements could be identified once the programme was underway.

6.3.5 Engaging disadvantaged and hard-to-reach groups

Engaging disadvantaged and hard-to-reach groups was not a primary focus of the case-study sites reviewed. Programmes tended to be focused on the ‘local labour’ agenda. This was mainly due to the need to meet contractual obligations or because scarce resources necessitated a more limited focus. There was also a lack of relevant knowledge in staff leading or involved in initiatives. This is understandable given that staff were recruited for their expertise in local labour skills and employment, not in outreach work.

However, should programmes have a specific view to engaging disadvantaged and hard-to-reach groups, a key success factor is recruiting staff with expertise in this field. Bluewater, for example, contracted the charity Tomorrow's People to undertake its outreach work.

A number of case-study sites employed outreach schemes to target those furthest from the labour market, including the long-term unemployed, lone parents, disabled people and ex-offenders. Notable examples were Brentin2Work, Bluewater, Greenwich Peninsula and T5. Initiatives included outreach workers visiting childcare centres, community centres and other places likely to be frequented by hard-to-reach groups in areas of deprivation. The Heathrow "Red Bus" outreach initiative is a well-known example which targeted local people in demographic groups that were traditionally less likely to be engaged in the labour market. This scheme provided support to these individuals in applying for jobs in Heathrow or helped them access the "Routes to Work" pre-employment scheme.

One interesting initiative in Bluewater was the use of work trials. These were successful in supporting the long-term unemployed while they adjusted to working life and gave them the chance to demonstrate their capabilities. At the same time, the initiative removed the risk factor from employers in recruiting from hard-to-reach groups, since employers were able to decide whether or not to offer permanent positions. In a similar vein, mentoring schemes were used in some case-study sites.

6.3.6 Local business support

Some consultees pointed out the difficulties around local business support initiatives in the context of equal access legislation from the EU. Case-study sites have got around this by focusing on supply-side dynamics, offering local businesses general support and advice in winning contracts. The primary mechanisms were:

- a notification system which ensured that local suppliers were notified whenever new business opportunities arose;
- ongoing training to equip local suppliers with the knowledge and expertise required to compete effectively for contracts, including the writing of bids;
- the organisation of events at which large developers and contractors can meet each other;
- liaison with large developers and contractors to apprise them of the offer of local suppliers.

This approach has already achieved successes in the Greenwich Peninsula, where Greenwich Local Labour and Business, the Greenwich Enterprise Board and the local Chambers of Commerce run local business support initiatives. A further example is the Arsenal Business Enterprise Team (ABET), which was established to enable local businesses to maximise their share of work arising from the development of the Emirates Stadium. ABET pre-screened local firms interested in working on the development, then produced a monthly directory of local suppliers and contractors listing details such as contact, past experience and maximum contract size. This directory was made available to the developer and large contractors. Around 2% of contracts (by value) were delivered by local businesses. Local businesses were also invited to tender for around 10% of contracts (by value).

6.3.7 Measures of success

Formal quantitative targets were not always set up-front in case-study sites as measures of success. Where measures were used, they focused on the following:

- uptake of initiatives by employers;
- number of local people employed on-site;
- interview success rates;
- review of people placed in employment, to ensure placement became long-term;
- number of people undertaking training courses;
- achievement of qualifications;
- number of volunteers engaged from hard-to-reach groups;
- drop-out rates from employment, volunteering and training;
- qualitative feedback forms;
- numbers of local businesses supported to win contracts.

It should be noted that there were differing definitions of “local” labour in each case study. The Greenwich Peninsula concentrated on Greenwich itself whereas T5 focused on five local boroughs. The definition of “local” impacted on programmes in two key ways. Firstly, the wider the defined local area, the more resources were stretched in order to liaise with stakeholders and engage disparate groups – this was a costly effect. Secondly, the wider the defined local area, the easier to meet local labour targets because the catchment area workforce was much bigger – this was a beneficial effect.

The coverage of BOSS is the London boroughs of Brent, Harrow, Ealing, Hillingdon, Hammersmith and Fulham, and Hounslow. Thus, while covering the Wembley construction project, the targets to be achieved cover the full range of activities. For the year 2005/06, BOSS was tasked to get 175 people into sustainable jobs, a target achieved. Additionally, 45% of jobs and training were to be represented by BAME groups (a target significantly exceeded), 10% to be represented by women (BOSS is currently just under this), and a small proportion (around 1%) to be disabled people.³⁵

Often, initiatives commenced with little knowledge as to what targets were reasonable or not, relying instead on estimates. In some cases, targets were set through contractual agreements such as Section 106. For example, the Arsenal Emirates Stadium stipulated numbers of qualifications to be achieved, and 10% of construction jobs to be filled by local people. Targets were not stipulated for Bluewater which instead focused on supply-side targets, ensuring that local residents had the greatest possible opportunity to fill the 6,500 jobs created during the construction phase and 7,000 operational jobs. Measures of success themselves required considerable resources to be spent in monitoring activities.

In Arsenal, the section 106 targets were not met in full. Consultees involved in the project believed this was because the original targets were overly ambitious. There were also difficulties in persuading contractors to open all job vacancies to local people. However, a related organisation, Construction Works (created by Islington Borough Council to channel local people into construction jobs and training for the Emirates Stadium and other developments), exceeded its targets.

³⁵ There are difficulties in recording and monitoring disability, as this is based on self-assessment.

In Bluewater, almost 4,000 local people access jobs during the construction phase, around 10% of whom have previously been long-term unemployed. In all phases, nearly 50% of those placed in employment in Bluewater were from the local Dartford area, and these included the long-term unemployed, single parents, ex-offenders and workers with disabilities.

The scale of success was also monitored in Heathrow. This included placing around 1,000 people in retail jobs, over 10% of whom were previously unemployed. Over a two-year period between 2003 and 2005, more than 2,000 NVQs were completed in construction under the OSAT scheme. NVQ completion rates were around 75%. T5 estimated that 95% of workers left the site with more training than before they arrived.

7 Creating a lasting legacy: implications and recommendations

As we noted in the introduction, hosting the 2012 Olympic and Paralympic Games presents London with five key challenges in the arena of skills and employment:

- getting the facilities built to plan;
- making the Games themselves a triumph;
- showcasing and enhancing the reputation of London;
- creating opportunities for local people and for others with low labour market participation rates;
- leaving London with a legacy of higher-skilled jobs for better skilled people.

Our conclusion, based on our own research and the other research that we have surveyed and which is described in this report, is that *all of these goals can be achieved, but that none can be taken for granted*. In particular, the last of these will not happen unless all of the others happen too.

7.1 GETTING THE FACILITIES BUILT TO PLAN

To reiterate: we think that, on average, there are likely to be around 5,000 person years of employment generated by Games-related construction in London, each year between now and 2012, than there would otherwise have been – with a peak in 2010 of 9,300 person years. Indirectly, the built environment is likely to generate around 11,000 more. The planned legacy work should generate a further 15,000 person years of construction employment from 2012 onwards. And although we are conscious of the possibility that the Games will crowd out other projects and hence the net gain in jobs will be very much lower than that, we think this unlikely. The plentiful supplies of both skilled labour and financial capital that London offers, together with the planned continuation of public sector investment, make such crowding out a low risk.

7.2 A TRIUMPHANT GAMES; SHOWCASING LONDON

We are also confident that there will be many other jobs in many other sectors and across a range of occupations, associated with the building of the facilities, the staging of the Games themselves, and a more general and sustained improvement in London's business performance thanks to the Games.

Research from previous Games provides little strong evidence on the magnitudes involved, but our best estimates are that, in the lead-up to and during the Games, there will be something of the order of 30,000 jobs created directly by the staging of the events. A large proportion of these will be highly specialised and temporary, lasting little longer than the 6-week Games period. In addition, there will probably be another 6,700 jobs created indirectly over the period of the Games – generally in hotels and catering, retailing, transport and entertainment.

Again, there is a possibility that some of these extra jobs will also crowd out existing ones. This might be, for example, because the Games merely shift what Londoners spend their incomes on,

rather than stimulating them to spend more. Or it might be because the extra tourists who visit the city for the Games merely replace others who would have come anyway, but who go elsewhere to avoid being crowded.

But neither of these outcomes, nor the many other similar ones that could be advanced, is necessary or inevitable. If the Games represent a significant event in the lives of individuals, then they will be stimulated into spending more than they otherwise would. And if the London economy is sufficiently flexible as well as sufficiently large, then there is no reason why the Games should crowd out other events and activities. Indeed, a successful Games may further boost East London, London and the UK as a visitor destination.

7.3 GENERATING OPPORTUNITIES FOR ALL

The fact that the London economy is so large, varied and sophisticated, is important in another way. It means that in principle it must be possible for most, if not all, of the extra jobs to be taken by Londoners – and without creating any widespread skill shortages elsewhere in the capital.

Realistically, however, not all of the jobs will be taken by London residents, and in the case of quite rare skills needed for only very short periods of time, it is not necessarily desirable that they should be assisted to prepare for them. For example, many of the prefabricated parts used in the various buildings will be made elsewhere in or outside the UK. And many specialists in, for example, the security and media sectors will come in from elsewhere. A proportion of the many technical jobs involved in the day-to-day running of the sporting events are also likely to be taken by UK and international experts with previous Games experience under their belts. But the more that can be done to equip Londoners with the necessary skills, the greater will be the chance that they do indeed win the work and go on to successfully compete for work elsewhere.

Particular social gains will ensue if the Games provide jobs for diverse workless communities. In this context, a key issue that partners are already considering is the degree to which it would be beneficial to use contract clauses/conditions and enforcement versus encouragement, incentives and collaboration to compel employers to behave in certain ways with regard to training and recruitment.

7.3.1 Influencing 2012 employment and skills practices

This implies amongst other things a need to have realistic targets, and a need to strike a balance, in terms of the extent and rigour with which powers are used. It also perhaps means that any voluntary schemes should be designed to have maximum impact, and to minimise the need for more formal approaches. The previous section highlighted experience from elsewhere, possibly pointing towards recommendations of the following sort:

- Start implementing training and recruitment schemes up to two years before their full impact will be needed, partly to allow for employer buy-in to develop, and especially when there are long lead-times associated with gaining qualifications.
- Create a specific 2012 Games job brokerage service or ‘job shop’, ideally onsite, to which all employers are at least obliged to report vacancies.
- Secure the involvement of key players, such as main developers and contractors, perhaps on a pyramid model, and provide strong branding.
- Provide recruitment programmes that are flexible and employer-led, professionally run with high quality front-line staff and a single point of contact for employers

(otherwise employers will not use them) and which provide both pre-screening and a matching service.

- Encourage participating employers to provide case-study evidence of the success and positive outcomes of the programmes offered, and the benefits to their business and the individuals they are recruiting, to create a snow-ball effect with other employers.
- Encourage employers to demonstrate a commitment to the local area by forming partnerships with local schools, with a view to influencing teachers and altering parents' attitudes, as well as those of students themselves.
- Work with schools and colleges to develop vocational pathways, that are partly Games related but that also encourage young people to acquire skills that can be used in other contexts.
- Focus on the segments of employment opportunities where local people have a realistic chance of gaining work, including upskilling those already in the sector.
- For local jobseekers who have been outside the labour market for a long period of time, consider harnessing the volunteer programme and using pre-employment schemes, work-trials, interview training and in-work mentoring, to reduce the risks to employers while giving individuals the chance to build and then demonstrate their capabilities and skills.

All of these relate to local people offering themselves into the local labour market as individuals, but there are also similar steps that can be taken with regard to local employers – for example by providing them with information about opportunities and mentoring to be able to access those opportunities, and by providing directories and databases of local suppliers and their capabilities. Again, the same strategic choice needs to be made as with individuals, about the degree of compulsion or voluntarism needed.

Other key players include local schools and colleges, and the 2012 Games provide an opportunity for these to play a role in channelling local people into employment or higher education. This is particularly relevant in the context of helping local people to access some of the more creative and/or higher level jobs that the Games will be offering – thereby providing them with highly transferable skills within the larger London labour market.

For example, the Games perhaps provide a reason for establishing a languages academy in East London, not just to teach people to specialise in becoming fully fluent in another language, but also to provide a wide range of workers in, for example, hospitality and security with more limited language skills to allow them to make visitors feel welcome.

7.3.2 Engaging local communities

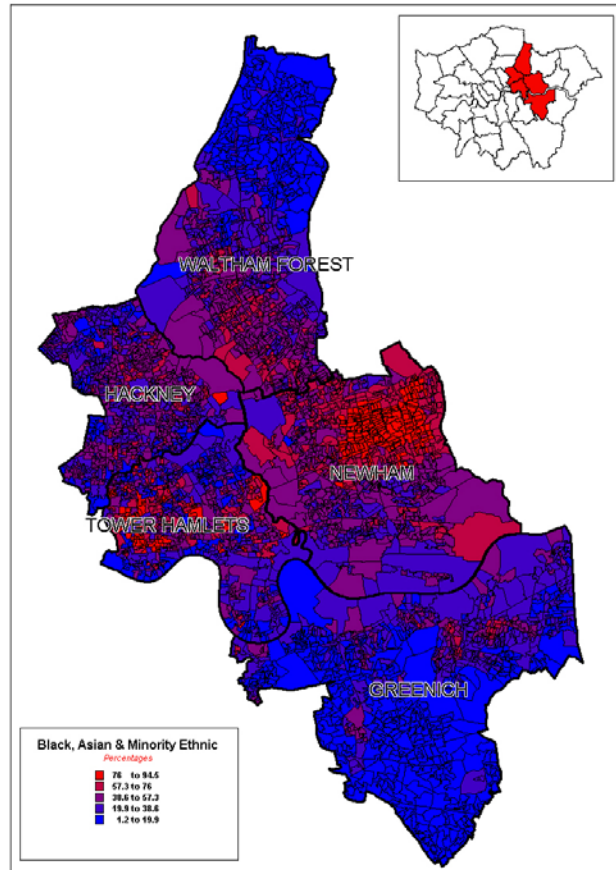
The challenge of giving more people access to work relates not just to local people, colleges communities and businesses, but also to other people with low rates of labour market participation such as some ethnic minorities, women and disabled people.

In that context, a full evidence-base is needed on the reasons for low participation by these groups, and a proper understanding of the ways in which programmes might need to be tailored to their needs. As part of that, it may be appropriate to encourage these groups to articulate their own skills and employment agendas, rather than seeking to bring pre-formed agendas to them. That might build on out-reach work, and on long term initiatives to mentor and build the capacities of the people concerned.

The local area, particularly around the Olympic Park and Olympic Village, is one of significant multi-cultural diversity. The chart below demonstrates the ethnic diversity of the 5 Host

Boroughs. Specific measures will need to be taken if a real attempt is to be made to engage these communities in Games-related opportunities. Case-study research on previous initiatives highlighted that particular efforts on engaging specific ethnic groups are seldom made and require specific types of expertise on the part of programme staff.

Figure 23: Ethnicity profile of 5 Host Boroughs



Source: Experian Business Strategies, Census

In regards to people with disabilities, the London Games will go further than others in taking the Paralympic Games seriously, building on the UK's strong support for this element of the Games. In particular, all of the athlete accommodation will have disability access designed in, rather than just bolted on as a temporary feature. But more is possible. For example, a Games in which the Paralympic element was, for the first time, as prominent as the Olympics element, would represent a significant move forward for the *Olympic ideal*. Equally, the year 2012 could be adopted as a national target in terms of achieving equality of respect and opportunity over a wide range of disability issues.

The success of all initiatives and programmes will partly depend on how well they are *perceived* by individuals, communities and employers. That point also applies more widely, to the work of all the higher-level agencies concerned with driving the employment and skills policy agenda, such as the LSC and the LDA.

If these agencies are perceived to have clear and agreed purposes, and a well founded shared view of the issues, then those qualities will strengthen the credibility of the various detailed interventions that will be needed. Equally, any apparent confusions or inconsistencies will damage by association the reputations of the detailed programmes and initiatives being advanced. It is very reassuring that joint work has already started on this topic. Looking

forward, the work of the London 2012 Employment & Skills Taskforce will be crucial to overall success.

It is not the purpose of this report to discuss what that means in detail, although conventional criteria for effective working, such as accountability, transparency, and performance measurement apply here as in other contexts. But it is important to stress that a particular challenge will be to ensure that Games-specific initiatives are perceived as being integrated into, or at least complementary to, regional and national programmes such as *Train to Gain*, or the East London *Job net* scheme, rather than in conflict with them. If not, then Games-specific programmes could be criticised as being in conflict with (or needlessly duplicating) other schemes, and that criticism would affect the psychology of communities, individuals and employers, which in turn would make it harder for the programmes to succeed.

7.4 CREATING A SUSTAINABLE LEGACY

It remains true that the number of Games jobs is relatively small, compared with the number of unemployed local people, and also the number of women, BAME people and the disabled whom one might expect to be in work but who in fact are not. The 5 Host Boroughs have a combined working age resident population of almost 720,000. A quarter of the workforce have no qualifications, employment rates are lower than in London, and inactivity rates in some boroughs are at almost 40%.

It is vital that, even with a range of schemes in place to foster participation in training and in work, and even with those schemes working well, the Games are not felt to be a disappointment in job-creation and economic-inclusion terms. The fact that this would be largely a consequence of unrealistically high expectations, as a result of exaggerated and unsubstantiated claims that have been made with regard to job creation from previous Games, would be little comfort.

7.4.1 The wider benefits of the Games

However, we believe that there are grounds for considerable optimism, because of the opportunity for using the Games to benefit the nation, the capital and local people, including women, disabled people and members of BAME communities, in several ways. Indeed, perhaps a key impact of hosting the Games could be achieved by capitalising on the inspirational potential to create a fundamental shift in people's aspirations, through the desire to be part of such a successful and exciting event.

- First, the Games add credibility and visibility to the much wider regeneration that is taking place in East London, and they make that regeneration far more likely to succeed. The reason is that regeneration usually requires a 'leap of faith' on the part of investors, and the Games have clearly already boosted sentiment, and will continue doing so.

This broader regeneration, fuelled partly by the Games, will create significant opportunities over and above those that the Games offer directly. Many businesses will be drawn to the area, simply because they perceive it to be lively and a place of rapid growth, a self-reinforcing process from which local people can benefit.

- Second, the build-up towards the Games can be used to help local people rethink their own ambitions and assets, and can be used to encourage them to invest in themselves and to access the opportunities available to them. This is likely to happen through a variety of routes. For example, even if many people are unsuccessful in obtaining direct Games related work, the process of looking for Games opportunities should 'warm them up' to other opportunities that in the past they might not have considered.

More generally, local people will see their communities transformed, from ones that have been left behind by regeneration projects occurring elsewhere, to ones that are in the centre of an East London renaissance. However, efforts are required to ensure local communities do benefit from the regeneration. For example, rapid house price rises in the Barcelona Olympic Village quickly meant that area became exclusive; such an occurrence in London would not be in line with the Government's Sustainable Communities Plan.

- Third, even though many Games jobs will not themselves last, the experience of having done those jobs will carry forwards. People will have the experience, not just of a few weeks or months of work, but of participating in something hugely successful. This participation effect, if it is properly harnessed, will have a lasting impact, as the people concerned seek out other successes in London's vibrant and growing economy.

In addition, the Games are also likely to have a beneficial impact on visitors' and investors' perceptions of London, and indeed more widely afield if the Games act as a gateway for tourists to the rest of the UK. Hugely important for London is to show that the city can put on the Games and make a success of them. The build-up to the events, and then the events themselves, matter enormously where the city *as a whole* is concerned. For it is the Games themselves that have the capacity to remind the world why it is that London is one of the greatest cities in the world, and why it ought to remain the favourite business location in Europe for decades – perhaps generations – to come. Delivering the Games as a great success would greatly enhance London's reputation and remind people why it is such an ideal place in which to live and do business, with positive knock-on effects across the UK.

At the very least this is about safeguarding jobs, with the additional hope that the Games will also attract other jobs to London. The key point here is that while London clearly has many competitive advantages, these cannot be taken for granted. Other cities are investing in improving their offers, and over time, relative changes could well occur in some of the drivers of city competitiveness. These drivers include regulatory and tax regimes, air transport links, ICT infrastructure, wage and property costs, the quality of the visitor offer in terms of, for example, cleanliness and hospitality, perceptions of crime and indeed terrorism, and many others. So one benefit of enhanced perceptions of London in the run-up to the Games and afterwards, may be that jobs in a wide range of sectors – including for example financial and business services – become a little more secure than they would otherwise be, were it not for the Games.

To assess the importance of this, one would ideally start by counting the number of jobs in internationally traded activities. There is no single agreed measure of these, however, and in any case allowance should also be made for jobs that might be lost through multiplier effects, if London were to lose some of its competitiveness, and if London did not have the Games as an offsetting benefit. However, a sense of the scale involved can be gained by looking at employment in London in four sectors that include a high level of internationally traded activity, or that might be particularly badly hit by job losses in other sectors. Estimates from GLA Economics suggest:

- Retail employment in London in 2006 is of the order of 406,000, and could be as high as 426,000 in 2012.
- Employment in hotels and restaurants is estimated by GLA Economics to be 334,000 in 2006, with a 2012 projection of 389,000.
- Financial services employment rises from 345,000 in 2006 to 360,000 in 2012.

- GLA Economics suggest an increase in business services employment from 1,168,000 this year to 1,337,000 in 2012.

These four sectors are therefore projected to employ just over 2 ½ million people in London in the year of the Games.³⁶ If the London Games help to safeguard just some of these jobs, then for that reason alone they will have done something very important for the capital.

It is also possible, of course, that the Games will do more than that and will attract additional employment to London. This is something that those responsible for promoting opportunities and prosperity in London may wish to pursue. In terms of the evidence base, however, it is not appropriate simply to look at employment gains in previous host cities such as Barcelona or Sydney, and project those onto London, suitably scaled-up. This is partly because the context is different. In Barcelona's case, for example, Spain had recently become a democratic nation and had just joined the EEC, and was experiencing heavy inward investment and regeneration for those reasons too. But it is also because previous cities where the Games have been held have often not been very well known, and thus enjoyed large gains in investor and business recognition. London is clearly not in that position. This will need to be taken into account in any assessment of the opportunity to leverage the Games for a much broader inflow of jobs from elsewhere in the world to London.

7.4.2 The big story of the London 2012 Games

So for London as a whole, major benefits of the Games may be down to changing people's perceptions of the city - attracting new visitors, new residents, new skilled workers, and new investment - and cementing existing positive perceptions of London as a diverse and dynamic city. Indeed, such benefits were identified for Sydney after the 2000 Games: "the Games provided a unique opportunity for building skills and capabilities in Australian businesses and for showcasing the depth of talent, creativity and skill of Australian business to the rest of the world. In the long term, the benefits to business generated by the Games – in terms of skills, contacts, international awareness, partnering and investment – may come to be recognised as their most enduring legacy."³⁷

But for many people, the real justification for the London Games is not what they would do for London as a whole, but for the East End in particular, by helping to regenerate the hugely neglected Lea Valley and also its surrounding communities. In this context one crucial point is that the Games can only help; they cannot create the underlying regeneration. Large scale sports facilities and a new urban park may not in themselves cause people and companies to move to the area, nor will they necessarily have a dramatic direct impact on the prosperity of the majority of local residents and businesses – targeted intervention is needed. The surrounding regeneration also needs to take place and, indeed, needs to be viable in its own right – as the northern Stratford City redevelopment, already well underway, and the Greenwich Peninsula development, in its early stages, clearly are. In other words, the Games will support this wider regeneration activity.

Through mechanisms such as these, the Games may well have a much larger transformational impact than can be identified through formal modelling procedures, and the legacy of the Games will therefore be much larger. Indeed, many commentators take it for granted that such effects will come about, and cite the experience of Barcelona and elsewhere as implying that the Games will stimulate hundreds of thousands of additional jobs in London – not just in the short-term but on a permanent, i.e. *sustainable* basis.

³⁶ *Employment projections for London by sector* Working Paper 14: Working Future, GLA Economics December 2005

³⁷ *Business and economic benefits of the Sydney 2000 Olympics - a collation of evidence*, PwC, 2001.

While not denying that possibility, we make two points:

- First, as we indicate in section 2 of this report, the evidence of very large impacts in Barcelona and elsewhere is much weaker than is often claimed.
- Second, these broad transformational impacts need to be fostered – they cannot be taken for granted.

Our overall view is that while the direct and mechanistic impacts of the Games are important, policy should be concerned as much with using the Games as a lever or catalyst as with the direct implications. This means that larger scale skills and employment issues need to be addressed and opportunities fostered.