

**Brief for Treasury and for Shadow  
Ministers, September 2009**

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**Cost savings available by moving  
equestrian events in 2012 Olympics from  
Greenwich Park**

**10 September 2009**



## 4 Introduction

- 4.1 The purpose of this brief is to show that moving the equestrian events from Greenwich to one of several suitable alternative sites would save direct net financial costs, and environmental, social and congestion costs on conventional cost/benefit measures, totalling between £30 and 50m:
- direct net financial savings of the order of £10 m, not including additional ticket revenue available elsewhere;
  - social and congestion costs measurable at some £20-25m by conventional methodology;
  - environmental costs in an vulnerable World Heritage Site, which, though harder to quantify, are certainly substantial;
  - the potential for valuable legacy elsewhere, totally lacking at Greenwich.
- 4.2 This decision should be made before further costs are incurred in a major planning enquiry (due to begin in December, and certain to be highly controversial).<sup>1</sup>
- 4.3 Moving the event would improve both its quality and the Olympics legacy; the savings would arise from correcting a mistaken plan, not from reducing the quality of services delivered.
- 4.4 LOCOG, the Olympics authority with prime responsibility for decisions on sites to be used, inherited the proposal to use Greenwich Park from its predecessors (this was part of the London bid) and has so far been unwilling either to reverse or to attempt to justify that proposal. It has for example refused to release any background documents or to say which its fall-back choices of site would be.
- 4.5 This is why intervention by the Treasury or HM Opposition is now required.
- 4.6 Cost savings can be made:
- (a) Because the financial costs in Greenwich would be higher than in alternative sites and ticket revenues would be incontrovertibly less.
  - (b) Because at Greenwich there would be major social and environmental costs that would be avoided in another, more suitable site.
  - (c) Because some of the expenditure in alternative sites would have a lasting legacy value which would not be available at Greenwich.
- 4.7 The taxpayer and London ratepayer has a legitimate and direct interest in persuading LOCOG to save money, since the Government has underwritten LOCOG's possible debts, the taxpayer is paying directly for the Paralympics' costs, and none of the

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<sup>1</sup> For further information see [www.nogoe2012.com](http://www.nogoe2012.com)

ticketing or sponsorship funds accruing to LOCOG would exist were it not for the taxpayer's estimated £9.235 billion direct public expenditure on the Olympics. LOCOG cannot escape the public interest in efficiency in its expenditures.

## 5 Financial costs and ticket revenues

- 5.1 There has never in living memory been horse riding in Greenwich Park, and there are no suitable facilities there of any kind. Everything would have to be erected from scratch and cleared away again as soon as possible after the Games were over.
- 5.2 There is a risk of damage to rare and ancient trees. The authorities have said that they will try to protect them, but this is easier said than done – the Park is fundamentally too small and unsuitable for cross-country events.
- 5.3 Compared with a site in which there is an equestrian tradition this means that the gross costs at Greenwich would be higher on:
- (a) Levelling the ground for the show-jumping and dressage events.
  - (b) Preparing the ground and laying the track for the cross-country, including irrigation and, we have been told, even altering the lie of the land in places.
  - (c) Installing jumps, including a water jump from the boating pool, and then replacing the pool.
  - (d) Laying out practice rings and jump areas.
  - (e) Installing power and sewerage for stabling (250 horses).
  - (f) Providing accommodation for competitors and others involved.<sup>2</sup>
  - (g) Perimeter security (including in many houses overlooking the Park, which present a problem not present in other possible locations).
  - (h) Lopping or lifting trees.
  - (i) Digging up parts of the playground.
  - (j) Reconfiguring the children's boating pond.
  - (k) Protecting or removing the deer and other wildlife.
  - (l) Protecting as far as possible the flora and archaeological remains.
  - (m) Compensating the Royal Maritime Museum and businesses in the Park for loss of revenues whilst Park is closed (e.g. the boating pond, the Planetarium adjoining

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<sup>2</sup> Details would depend on the alternative site chosen. At Windsor, for example, they could use Holloway College (where rowers and canoeists are also to be staying) and if more space were needed, at Eton. Spaces saved in the Olympic Village could either reduce the building cost there or save costs in West End Hotels.

the astronomy centre and Observatory, where shows are usually completely full during the school holidays,<sup>3</sup> three cafes, and other food vendors).

- 5.4 If the main equestrian events were moved an alternative site would be needed for the show-jumping part of the modern pentathlon. This could be in an East London football ground, where security, seating and a level ground are already in place and there would be room for temporary stabling for the relatively few horses involved. The modest cost of hiring the ground and putting up the modest jumps needed would be offset many times over by the other savings.
- 5.5 After the Olympics were over, the repairs and restoration costs at Greenwich would be higher than in a site accustomed to equestrianism in respect of:
- (a) Restoring the turf.
  - (b) Closing down the power and sewerage.
  - (c) Restoring the cricket pitch, playground and flower gardens.
  - (d) Reinstating the wildlife.
  - (e) Compensating the Royal Parks for any other damage caused.
- 5.6 Ticket revenues would be less at Greenwich because the site is so small by comparison with those in which high-quality cross-country events are usually held. For example, at Badminton, Windsor or Burghley LOCOG could probably sell an additional 50 -100,000 tickets.
- 5.7 TV advertising revenues would not be affected.

## **6 Absence of a legacy**

- 6.1 It is never seriously suggested that the costs of an Olympic Games could be justified without the prospect of a significant legacy of some sort. This realisation should permeate all aspects of LOCOG and ODA planning.
- 6.2 If the events were held at Windsor, say, or another site accustomed to equestrianism there could be a permanent top-standard cross-country track, as good as that at Badminton. There could be other legacies of various kinds – better jumps, better facilities for stabling and vets, better access roads, etc. etc. These positive legacies would reduce the net cost of the events if held out of Greenwich.
- 6.3 In contrast, at Greenwich there would be no positive legacy of any kind. However, there would be local resentment against the damage done by equestrianism, and the

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<sup>3</sup> The auditorium has 120 seats, and there are seven shows a day at weekends, nine on Bank Holidays, with ticket prices of £6 for adults, and £4 for children.

LOCOG bill for repairs would be another negative legacy.<sup>4</sup>

## 7 Social and environmental costs

7.1 The social costs of using Greenwich were not considered before the bid was prepared and - as far as can be inferred from anything LOCOG has said or from the KPMG report published in December – they have not been taken into account since. Yet they are substantial.<sup>5</sup>

(a) The Park would be partly closed while the ground is levelled, the stadium, stabling and other buildings erected. The lower, most popular, part of the Park would be closed for six – eight months in 2012(LOCOG estimate).

(b) The Park would be wholly closed for six – eight weeks in the run-up to the Games, the Games themselves (17 days), and the immediate aftermath (LOCOG estimate).<sup>6</sup> This complete closure would be in the height of summer, in the school holidays.

(c) The Park would be closed for an unknown period in 2011, for a test event that would involve installing at least part of the cross-country course.

(d) If the Park were not used for equestrian events, the numbers of visitors during the Olympics would be exceptionally high. Large TV screens could be installed, so that visitors could enjoy watching all the Olympic events from an ideal location within sight of the main Stratford stadium.

7.2 The closures of Greenwich Park proposed by LOCOG would deprive visitors of a valuable amenity.<sup>7</sup> There is no remotely comparable alternative.

7.3 There need be no corresponding social cost at an alternative site.

7.4 The environmental costs of using Greenwich Park would comprise the risks of damage to the Park, which is a UNESCO World Heritage Site, and the congestion and other negative side-effects that would result.

7.5 The risks in the Park include damage to:

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<sup>4</sup> LOCOG has suggested that local children will become interested in equestrian sport. That may happen wherever the events are held. Horse riding is available in south London, but it is an expensive sport.

<sup>5</sup> In a recent report "Visitors to the Royal Parks: Results of a steady state count (August 2007 – July 2008)" the International Institute for Culture, Tourism and Development at the London Metropolitan University observed:  
" Like the central London Royal Parks, the outer parks are valuable community facilities for residents and workers and, as free and inclusive facilities that contribute to London's diversity goals. The Royal Parks also make a national economic contribution as major tourist attractions that feature prominently in the marketing of the UK as an international destination and contribute to the economy of London in a variety of ways, not least in the way they underpin the values of the properties that surround them. The contribution that all these parks make to the health of residents of London is undoubtedly high, though not yet systematically measured."

<sup>6</sup> LOCOG staff have said that they hope to reduce this, but that will depend on the contractors.

<sup>7</sup> There are doubts about the legality of these closures, an issue that is being pursued separately with DCMS and with the Royal Parks.

- (a) Terrain
- (b) Trees
- (c) Flowers and shrubs
- (d) Acid grass
- (e) Archaeological remains
- (f) Tunnels and ancient conduits laid across the site of the proposed stadium and elsewhere
- (g) Deer
- (h) Protected species of bats
- (i) Other wildlife
- (j) The cricket pitch
- (k) Tennis courts
- (l) Playground
- (m) Boating lake

7.6 The congestion costs and other negative side-effects for Greenwich residents include:

- (a) Additional closure of lanes in the Blackwall tunnel.
- (b) Closure to traffic and for parking of for local residents in streets immediately next to the Park.
- (c) Huge horse transporters and construction vehicles in the narrow streets of Greenwich.
- (d) Noise – of construction works, and by PA systems and helicopters during the events themselves.
- (e) Odour from stabling near to houses, which will have to be regularly mucked out.
- (f) Loss of business for local shops whilst the Park is closed. During the Olympic Games, Greenwich would in any case be full to capacity, so there would be no extra sales from holding the equestrian events.<sup>8</sup> There would be no “boost to the local economy”; rather the reverse.

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<sup>8</sup> As noted earlier, TV screens could be put up, so that the Park would attract even more visitors than usual during August.

7.7 These risks of damage and these negative side effects could all be avoided in another site.

## **8 Orders of magnitude**

8.1 It is obviously not possible to make precise estimates without specifying the alternative site, and obtaining competitive quotations. LOCOG has refused to publish any of its estimates.

8.2 However, it is quite likely that the cost savings from moving to a site in which there are already some existing facilities and where a positive legacy could be created would be of the order of £50 million, including both financial and social costs.

## **9 Financial costs**

9.1 The financial costs estimated in the original bid in 2004 were US \$16 million. For comparability with other bids this was expressed in dollars, but the costs would mainly be incurred in sterling. Allowing for exchange rate and inflationary changes since 2004, \$16 million would be equivalent to about £10 million in 2008 prices

9.2 However, the general story in relation to the Olympics is that the costs are now expected to be much higher than those used in the bid. Informal estimates now put the financial cost of holding the events in Greenwich Park at about £20 million. If the events were held in one of the alternative sites already set up for international standard equestrian events, some informal estimates are that the financial cost would be £2 million - £4 million. This would include the cost of laying out a new cross-country course, so that the Olympic requirements are fully met, and to enhance all other facilities to the highest international standards. Other informal estimates suggest a somewhat higher cost at the alternative site. Obviously, the costs would depend on which site was chosen, but it is quite clear that the costs would be much less than at Greenwich anywhere where there are existing facilities that could be used.

9.3 If our assumption is correct that the financial outlays in Greenwich would be around £20 million, moving to another site could represent a saving of at least £10 million, and perhaps more, before allowing for the value of a legacy in an alternative site. Including the value of the legacy would add to this figure.

## **10 Social costs of Park closures**

10.1 Using the most recent estimates of visitor numbers to Greenwich Park, 3.3 million in the year from August 2007 to July 2008, there were 2.6 million in the period February – September, when partial closure is expected.<sup>9</sup> Assuming the same deprivation values from partial closure as in our March report, £3.125 per visitor per day, this implies a loss of about £8m.

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<sup>9</sup>“Visitors to the Royal Parks: Results of a steady state count (August 2007 – July 2008)” the International Institute for Culture, Tourism and Development at the London Metropolitan University

- 10.2 For the assumed six weeks of total closure, if visitor numbers would otherwise have been about the same as in August 2008 (588,000) for four of the weeks, and then double that for the 17 days of the Olympic Games, and assuming a deprivation value of £6.25 per visitor per day as in the March report implies a further loss equivalent to about £7.5 million.
- 10.3 These costs could easily be substantial under-estimates: the numbers visiting in 2008 were probably reduced by poor weather; the deprivation values may be understated, and the numbers visiting during the Olympics might be higher than assumed particularly if it were used as a principal viewing site (see above). The purpose of giving these figures is simply to establish that the deprivation values must be measured in tens of £millions.

## 11 **Congestion costs**

- 11.1 The Department of Transport uses standard estimates of the cost of traffic congestion, based on the disbenefit of additional travel time. If these are applied to the likely increases in the time it will take to get through just the Blackwall Tunnel, estimates can be made of this type of social cost of LOCOG's plans. There is no indication in any of its statements or in the KPMG report as published that any attention has been given to this type of cost. Yet it would certainly be included in any appraisal conducted according to Treasury guidelines for public sector projects.
- 11.2 It would not be surprising if this cost were also to be measured in several £ million. There would be some congestion costs wherever the events were held, but in other sites they would be unlikely to be nearly as large as in Greenwich.

## 12 **Environmental costs**

- 12.1 We cannot yet put a value on the likely environmental damage to Greenwich Park, but it may be very large, remembering the high quality of the Park at present (one of London's only four UNESCO World Heritage Sites) and the particular ecological and archaeological features. If LOCOG has done its job properly, it will have made an estimate of the environmental costs it is intending to impose, and taken out insurance.
- 12.2 From an environmental perspective the balance of advantage is overwhelmingly in favour of using an alternative site rather than Greenwich.

## 13 **CONCLUSION**

The economic arguments are strongly in favour of moving the equestrian event out of Greenwich to a site where there are existing facilities that could be used; where more tickets could be sold; where a legacy of improvements could be left; where visitors need not be excluded for significant periods, and where the risk of damage to a World Heritage site would be avoided.

9 September 2009