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Your  
Ref

Our  
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As required by the Joint Venture Agreement (JVA) dated 18 February, the Secretary of State has asked me to write to formally agree the LOCOG Interim Budget in advance of the first meeting of the LOCOG Board tomorrow.

Given the time restraints operating, the Department's formal agreement is qualified by a number of questions and the developing information which needs to go into the budget, but these do not preclude the adoption of the budget by the Board, if you are able to come back to us reasonably quickly.

I should be grateful if you could confirm:

1. the process by which the £250,000 recharge to London 2012 for July's LOCOG running costs was arrived at, particularly with a view to the continuation of this arrangement for August. There is a need to ensure that London 2012 retains sufficient funds for an orderly wind-up, which clearly needs to be balanced against the immediate operational needs of LOCOG. Similarly, I would be grateful if you could provide the basis for the £250,000 designated for the acquisition of assets from London 2012. These transfers could be dealt with further down the line.



2. the process by which the salaries have been arrived at. Clearly, in due course this will be a matter for the permanent Chair, subject to the agreement of the Stakeholders as laid out in Paragraph 4.12 of the JVA.
3. the balance between estimates from suppliers and broader estimates within the budget. The major concern is over the various IT costs included, which are high against DCMS comparators, details of which I will forward to your team.
4. that the stamp duty estimate of £220,000 relates to the lease on the joint ODA/LOCOG property and clarify whether this would be shared with the ODA, and also whether it would be a single upfront cost.

Finally, the £1.75 million identified as LOCOG's share of the fit-out costs for the new premises seems to be drawn from your example on Neil Wood's paper on cost sharing with the ODA. I am grateful for the work he has done on this, and will ask the interim team to contact Neil to discuss the detail of this.

I have discussed the budget with the GLA and am copying this letter to Neale Coleman and David Lunts at the GLA, Simon Clegg at the BOA and Neil Wood and Charles Wijeratna at London 2012.

Nicola Roche  
Director of Sport