

<b>To</b>	Resources O&S Committee
<b>Date</b>	14 November 2019
<b>Report from</b>	Guy Olivant – Major Developments Lead, Finance & Governance Directorate
<b>Subject</b>	Funding of the Commonwealth Games – Update on partner Contributions

## 1 Purpose of Report

- 1.1 This report sets out progress to date in securing Partner Contributions to the Council's share of costs of delivery of the Commonwealth Games.
- 1.2 Members will be aware that the process of securing Partner Contributions is ongoing, and the position will continue to evolve over the coming months as negotiations with individual partners progress and are finalised.

## 2 Background

The Financial Plan approved at the Council Meeting on 26 February 2019, includes details of the Council's share of the overall costs of the Commonwealth Games, based on the total costs identified in the Host City Contract as a part of the approved bid for the Games. Existing Games forecasts continue to show an expectation that delivery of the Games, including the Sandwell Aquatics Centre and the Alexander Stadium, will be delivered within the agreed Host City Contract budget.

- 2.2 This set out total costs to be met by the Council, including Partner Contributions, of £184.7million, broken down as follows:

- Partner Contributions - £75million
- Existing Capital Resources - £19.7million
- Council Borrowing - £50million
- Council Revenue Contributions - £40million

- 2.3 This report focusses on progress in securing the £75million of Partner Contributions as set out in the Council's detailed financial plan.

## 3 Identified Partner Contributions

- 3.1 At the time that the Council was putting together the bid to host the 2022 Commonwealth Games, a range of Partners indicated their willingness to provide contributions to the local costs of delivery of the Games, although at that stage the commitments were indicative, rather than being firm and secured.

3.2 The total value of Partner Contributions assumed was £75million, broken down between Partners as set out in the following table:

<b>Partner</b>	<b>Contribution Value sought £'m</b>	<b>Status</b>
West Midlands Combined Authority	25.0	Full Board approval anticipated in early November 2019, verbal update to be provided at the meeting. The case for this has been built on the Alexander Stadium Business case.
GBSLEP	20.0	The GBSLEP Board approved this funding (£20m)in their September 2019 meeting. The case for this was built on the Alexander Stadium Business case.
Black Country LEP	5.0	BC LEP have provided £5m of direct funding to Sandwell relating to the Aquatics Centre. Further conversations remain to be progressed about the grounds for a direct contribution.
C&W LEP	5.0	C&W LEP Board have confirmed £3m of the funding (September 2019) with a commitment to continue to work with BCC to achieve the £5m contribution.
Midlands Engine	10.0	BCC are liaising with the Midlands Engine team to identify how this funding might be secured / realised.
Universities	10.0	BCC continue to work with the University sector to understand where the sector can support the Games
CIL	5.0	Value of contribution agreed, with work under way to confirm timing of CIL funding availability and to identify specific elements of the overall programme that meet CIL requirements.
NEC (Revenue)	1.0	Agreed in principle, MoU to be progressed with the NEC
<b>Total</b>	<b>81.0</b>	<b>Note only £75m assumed in financial modelling.</b>

#### **4 Partner Contributions Secured to Date**

- 4.1 Discussions with the various identified Partners have been progressing at different speeds, with the main focus being on securing the two largest individual contributions, from the Greater Birmingham & Solihull LEP and the West Midlands Combined Authority.
- 4.2 Firm commitments have now been secured for Contributions to the value of £29million, comprising:
  - Greater Birmingham & Solihull LEP - £20million
  - Coventry & Warwickshire LEP - £3million
  - Community Infrastructure Levy - £5million
  - NEC Group - £1million
- 4.3 A further contribution from the West Midlands Combined Authority of £25million (included within the WMCA Business Plan) is scheduled for consideration by their Board on 8 November 2019, which (if confirmed) will increase the level of secured contributions to £54million (or 72% of the planned total). A verbal update on this contribution will be provided at the meeting.

#### **5 Next Steps**

- 5.1 Work is under way to finalise and agree funding agreements for each secured funding source. Depending on the governance arrangements for each funding source, the precise format and content of each funding agreement will vary, but in all cases the funding is anticipated to be in the form of grant-related funding rather than having the characteristics of additional loan finance.
- 5.2 For those Partner Contributions where formal agreement has not yet been fully secured, dialogue will continue over the coming months with a view to reaching positive conclusions at the earliest opportunity, and it should be noted that the majority of expenditure to be funded through these contributions will be incurred by the Council in 2020/21 and 2021/22.