

## OUTLINE BUSINESS CASE (OBC)

### A. GENERAL INFORMATION

#### A1. General

<b>Project Title</b> <i>(as per Voyager)</i>	<b>OUTLINE BUSINESS CASE FOR THE LEGACY DEVELOPMENTS FOLLOWING THE COMMONWEALTH GAMES AT ALEXANDER STADIUM, PERRY BARR</b>		
<b>Voyager code</b>	TBC		
<b>Portfolio /Committee</b>		<b>Directorate</b>	Neighbourhoods
<b>Approved by Project Sponsor</b>	Chris Jordan – Assistant Director Neighbourhoods. Neighbourhoods Directorate.	<b>Approved by Finance Business Partner</b>	Guy Olivant

#### A2. Project Description

The Perry Barr regeneration seeks to meet both need and aspiration. It is a long-term programme with the hosting of the Birmingham 2022 Commonwealth Games (the Games) acting as a catalyst for accelerated growth and a moment of significance in its journey. Alexander Stadium and Perry Park are at the heart of the regeneration and will play a key role in the delivery of a successful Games.

An FBC for the redevelopment of the Stadium has been approved. This OBC now seeks to address the legacy of the Stadium and the opportunities presented to maximise this in conjunction with the surrounding parkland as part of the wider regeneration of Perry Barr.

This project covers the investment in infrastructure and services that provide a positive legacy of the hosting of the Birmingham 2022 Commonwealth Games (the Games). The focal point is the provision of facilities and services for local people, by investing in health and wellbeing, improving healthy lifestyles and providing access to activities that deliver both social and economic value to the community. This particular project covers three distinct areas:

- Opportunities to further develop and enhance the offer of Alexander Stadium and the wider Perry Park, post-Games;
- The creation of a new wet and dry leisure facility to replace the tired Beeches Pool and Fitness Centre at the Alexander Stadium site (subject to wider consultation);
- The potential for development of a variety of uses on the Park including the likes of a café, visitors centre and investment in a range of other sports and physical activities for the whole community.

Post-Games, the continued success of the Stadium and its parkland setting, requires further capital investment to ensure this asset has a lasting, positive legacy for the local community, the city, partners and visitors.

### B. STRATEGIC CASE

*This sets out the case for change and the project's fit to the Council Plan objectives*

#### B1. Project objectives and outcomes

*The case for change including the contribution to Council Plan objectives and outcomes*

The Project Objectives are shown below:

- Reducing the existing Operating Deficit of the stadium;
- An increase in physical activity participation;
- Improved community engagement with the facilities and the Park;
- Widening the use of the site by residents and visitors; and
- Provision of an increased sports offer for the community.

The wider legacy from the Games will contribute to tackling health inequalities across the City, by inspiring more people to become active either through taking part in physical activity or being a volunteer for the Games, improving both their physical, mental health and general wellbeing.

The project outcomes align to National, Regional and Council Strategies and Policies (including the BDP, Aston, Newtown and Lozells Area Action Plan, the City's Urban Centres Framework and in consultation with representatives from Birmingham City Council responsible for the delivery of the emerging wider Perry Barr Masterplan).

The essential requirements include development of additional facilities that provide an attractive offer that will leverage return on capital employed and enhance the wellbeing of the local community.

Increasing local community engagement at the site is paramount to the project outcomes, as the Games legacy cannot be achieved without a direct increase in local activity levels coming from an improved facility provision and service offering.

The relocation of the Birmingham City University (BCU) sports science faculty to the Perry Barr site will naturally bring increased footfall, academic learning and additional complementary sports related outputs and activities. Integration of BCU into the Stadium site for the benefit of the wider community will be a key element to delivering successful project outcomes.

A key objective is for the Stadium to be financially viable in the period following the Games. It is critical that any redevelopment proposals reduce the operating costs of the facility. This legacy phase will be developed to ensure financially sustainable facilities can be delivered.

Market analysis has revealed a number of options that could provide the balance between commercial and community need and aspiration.

## **B2. Project Deliverables**

*These are the outputs from the project eg a new building with xm2 of internal space, xm of new road, etc*

With investment, this project could deliver the following range of uses on the site of the Alexander Stadium and Perry Park – subject to further appraisal, consultation and design. The project could deliver:

- A new wet and dry leisure facility, replacing Beeches Pool and Fitness Centre;
- A new visitor's centre and café to be located in Perry Park adjacent to the Perry Reservoir;
- New physical activity installations/external play facilities for people of all ages in the Park;
- Investment in the BMX offer in Perry Park; and
- Delivery of new pathways around the Park and cycle routes.

Birmingham City Council is also working with Birmingham City University to accommodate future need including the provision of student accommodation and a 12-court sports hall post-Games. This is also intended to support the wider regeneration efforts for Perry Barr. However, additional work is required to find a suitable location for this offer in proximity to the Stadium and will be subject to a thorough site options appraisal and further consultation with local citizens before any decisions are made. Please note for clarity, the Walsall Road Allotments are safeguarded from these proposals.

### B3. Project Benefits

*These are the social benefits and outcomes from the project, eg additional school places or economic benefits.*

Measure	Outline Impact
<i>List at least one measure associated with <b>each</b> of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified</i>
<ul style="list-style-type: none"> <li>• Reduce the existing Operating Deficit of the stadium</li> </ul>	<ul style="list-style-type: none"> <li>• Improved rental income to support the sustainability of the stadium;</li> <li>• Increased rental concessions in the park;</li> <li>• Change management arrangements</li> <li>• Design buildings that have fewer resource requirements;</li> <li>• Create facilities that meet the needs of the community</li> </ul>
<ul style="list-style-type: none"> <li>• Increase in physical activity participation</li> </ul>	<ul style="list-style-type: none"> <li>• Relevant and demand-led facilities;</li> <li>• Programming – delivery of services that meet the needs of the community;</li> <li>• Pricing points that remove barriers to engagement;</li> <li>• Create facilities that provide quality community infrastructure</li> </ul>
<ul style="list-style-type: none"> <li>• Improved community engagement with the facilities and the Park</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a new café and visitors centre;</li> <li>• Creating space to contemplate and relax in the park;</li> <li>• Providing facilities for fitness and natural activities including running, cycling and other informal sports</li> </ul>
<ul style="list-style-type: none"> <li>• Widen the use of the site by residents and visitors</li> </ul>	<ul style="list-style-type: none"> <li>• Making the place safer;</li> <li>• Linking facilities to the wider cycle network;</li> <li>• Creation of linkages with the canal towpath;</li> <li>• Opening up the stadium to the community through pricing options;</li> <li>• Providing improved accessibility to the site;</li> <li>• Providing sign-posts to activities that are</li> </ul>

	<ul style="list-style-type: none"> <li>relevant to the community</li> <li>Providing a diverse range of activities on site for all ages and abilities</li> </ul>
<ul style="list-style-type: none"> <li>Provision of increased sports offer for the community</li> </ul>	<ul style="list-style-type: none"> <li>Potential to replace Beeches Pool and Fitness Centre</li> <li>Delivery of new / enhancing existing facilities</li> <li>Creating linkages and events with the BCU and Holdford Drive Community Sports Hub.</li> </ul>

#### B4. Property implications

*Describe any implications for Council properties and for the Council's property strategies*

The new stadium stand will provide new lettable space to BCU (a new anchor tenant) and existing tenants but also 1,000 sq m of new lettable space.

There is also the option for concessions in the park for the private and community sectors to plan, manage and operate facilities such as a café and visitors centre. Further concessions may be made available along the canal (through collaboration with the Canal & River Trust) and the Perry Reservoir.

### C. ECONOMIC CASE - OPTIONS APPRAISAL

*This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities*

#### C1. Options reviewed

*A full description and review of each option is in Section G1*

**Option 1** – Do Minimum – Operation of the Stadium (post-Games) to include Birmingham City University as an anchor tenant and transfer use of the High-Performance Centre (HPAC) to the University. This is in line with the approved Stadium FBC.

**Option 2** – Improved offering for Perry Park – As Option 1, plus the potential provision of new leisure facilities in the wider Perry Park. This could be inclusive of: a visitor centre and café, external play facilities, new pathways, and investment in cycling routes etc.

**Option 3** – Improved offering for Perry Park and a new leisure centre - As Option 2, plus the potential provision of a new wet and dry leisure facility replacing the Beeches Pool and Fitness Centre which would be closed and the site sold.

#### C2. Summary of Options Appraisal – Price/Quality Matrix

Criteria	Option score (out of 10)			Weight	Weighted Score		
	1	2	3		1	2	3
1. Net capital cost	10.00	4.00	9.00	10%	1.00	0.40	0.90
2. Net Present Value	8.00	4.00	6.00	30%	2.40	1.20	1.80
3. Affordability	10.00	-	8.00	20%	2.00	-	1.60
4. Benefits: Council priorities	9.13	6.74	10.00	15%	1.37	1.01	1.50

5. Benefits: Service priorities	3.19	5.53	10.00	20%	0.64	1.11	2.00
6. Deliverability and risks	10.00	9.67	5.67	5%	0.50	0.48	0.28
<b>Total</b>	<b>50.32</b>	<b>29.94</b>	<b>48.67</b>	<b>100%</b>	<b>7.91</b>	<b>4.20</b>	<b>8.08</b>

### C3. Option recommended, with reasons

*Which option is recommended and the key reasons for this decision.*

The option that provides the optimum balance between the capital costs, net operating costs and against the social and economic value impact would be Option 3. This provides:

- a possible comprehensive solution for a substantial pool and fitness facility that may have reached the end of its economic life;
- inward public investment into the community;
- demand led facilities;
- creation of varied and interesting facilities that will encourage the community to want to engage and participate;
- Bringing back into use a park with a visitor centre, linkages with the Perry Reservoir and the canal system; and
- Provides the best evaluated score.

### C4. Risks and Issues of the preferred option

- Project risks associated with the stadium redevelopment are presented and monitored through the CWG Stadium Project Board and the CWG Capital Programme Board.
- A full risk register has been developed and costed on all aspects of the Commonwealth Games. In addition to this, we have highlighted the top 5 risks associated to the legacy phase below

#### Top 5 Risks

Risk Area	Description
Lack of support towards post games development and investment.	This will result in the need to provide additional funding into other leisure facilities in order to provide a sustainable offer to the community over the next 10-15 years.
Inflation	At current, inflation costs have been excluded given the project duration spreading over a number of years. This will need to be carefully reviewed in detail as part of the FBC.
Loss of green spaces within Perry Park	The vision and early sketches show enhancements to the park and whilst small areas of green spaces may need to be replaced with pathways and improved access, it is aimed that other

	areas of the park will open up to enhance the ecology and green spaces.
Ensuring financial sustainable and reliability	Whilst this is at OBC level, it is expected that additional income streams will be brought in which have not been included in the current figures as ongoing discussions continue.
Programme delays	The site is not expected to be accessible for enhancement until after the CWG2022. Baseline programmes and assumptions are based on this and therefore it is not expected to carry any significant programme delays.

### C5. Other impacts of the preferred option

*Describe other significant impacts, both positive and negative*

There are a number of positive impacts leveraged from the development of the Preferred Option which include:

- Increased ongoing rental streams from the BCU and other tenants;
- Increased footfall to the site from BCU students;
- Increased usage from the possible provision of a new sports and leisure facility on site;
- Improve access to sport and physical activity for the local community from the range of services, some of which are free to use;
- Improved access to the stadium facilities through pricing and programming.

Net value of wider social and economic benefits compared to Option 1 and 2 are calculated as follows:

Summary of Margianl Impact of Option 3	
Net Construction in Person Years	235
Net Operational Jobs	5
Gross Added Value (5 Years Discounted)	£531,636
Net Additional Housing Expenditure (Annual)	£49,105
Marginal Leisure Wellbeing Benefits (Lifetime)	£10,752,932
Marginal Health Benefits (Lifetime)	£16,697,100
Council Tax Income (Net)	£0
Total	£27,981,669

## D. COMMERCIAL CASE

*This considers whether realistic and commercial arrangements for the project can be made*

**D1. Partnership, Joint venture and accountable body working**

*Describe how the project will be controlled, managed and delivered if using these arrangements*

A Legacy Project Board has been established to provide a forum to oversee the delivery of the legacy phase of the games.

**D2. Procurement implications:**

*What is the proposed procurement strategy and route? Which Framework, or OJEU?*

The procurement strategy for any services and works to support the project will be subject to subsequent reports and in accordance with the Constitution and the Procurement Governance Arrangements.

## APPENDIX 1

### E. FINANCIAL CASE

*This sets out the cost and affordability of the project*

#### E1. Financial implications and funding (First 10 Years)

	NPV	Total	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34
<b>Capital Costs</b>														
Total Construction Payments	-£23,293,700	-£25,972,874	-£3,088,706	-£15,348,264	-£7,535,904									
Total Professional Fees	£0	£0	£0	£0	£0									
Total Other Payments	£0	£0	£0	£0	£0									
Total Equipment Costs	-£266,661	-£306,000	£0	£0	£0									
Total Capital Costs and Equipment Costs	-£23,560,361	-£26,278,874	-£3,088,706	-£15,348,264	-£7,535,904									
VAT Payable	-£34,630	-£0	-£617,741	£121,699	£496,043									
Gross Value of Capital Costs	-£23,594,992	-£26,278,874	-£3,706,447	-£15,226,565	-£7,345,862									
Capital Funding	£19,759,953	£22,500,000	£0	£5,000,000	£17,500,000									
Capitalised Interest	£0	£0	£0	£0	£0									
Total to be Financed	-£3,835,039	-£3,778,874	-£3,706,447	-£10,226,565	£10,154,138									
<b>TOTAL INCOME</b>	<b>25,614,307</b>	<b>39,195,193</b>	<b>63,787</b>	<b>765,440</b>	<b>1,366,700</b>	<b>1,823,173</b>	<b>1,971,969</b>	<b>2,085,135</b>	<b>2,128,896</b>	<b>2,131,978</b>	<b>2,131,978</b>	<b>2,131,978</b>	<b>2,131,978</b>	<b>2,131,978</b>
<b>TOTAL STAFFING</b>	<b>-18,495,601</b>	<b>-28,088,095</b>	<b>-59,460</b>	<b>-713,523</b>	<b>-1,156,006</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>	<b>-1,481,170</b>
<b>TOTAL OPERATIONAL COSTS</b>	<b>-36,081,488</b>	<b>-54,639,954</b>	<b>-162,109</b>	<b>-1,945,304</b>	<b>-2,351,581</b>	<b>-2,767,566</b>	<b>-2,795,009</b>	<b>-2,816,058</b>	<b>-2,825,543</b>	<b>-2,827,293</b>	<b>-2,827,293</b>	<b>-2,827,293</b>	<b>-2,827,293</b>	<b>-2,827,293</b>
<b>FINANCING COSTS</b>	<b>-761,018</b>	<b>-1,150,776</b>	<b>-3,086</b>	<b>-37,034</b>	<b>-49,081</b>	<b>-61,064</b>	<b>-60,931</b>	<b>-60,794</b>	<b>-42,136</b>	<b>-60,508</b>	<b>-60,359</b>	<b>-60,205</b>	<b>-60,046</b>	<b>-59,883</b>
<b>PROFIT / CONTINGENCY</b>	<b>-2,183,002</b>	<b>-3,358,212</b>	<b>-3,189</b>	<b>-38,272</b>	<b>-98,978</b>	<b>-156,136</b>	<b>-170,766</b>	<b>-181,707</b>	<b>-185,833</b>	<b>-186,142</b>	<b>-186,142</b>	<b>-186,142</b>	<b>-186,142</b>	<b>-186,142</b>
<b>TOTAL EXPENDITURE</b>	<b>-57,274,722</b>	<b>-86,866,700</b>	<b>-226,301</b>	<b>-2,715,616</b>	<b>-3,637,131</b>	<b>-4,447,420</b>	<b>-4,489,360</b>	<b>-4,521,213</b>	<b>-4,534,683</b>	<b>-4,536,596</b>	<b>-4,536,446</b>	<b>-4,536,292</b>	<b>-4,536,134</b>	<b>-4,535,970</b>
<b>LEISURE OPERATOR MANAGEMENT SUPPLUS / (DEFICIT)</b>	<b>-31,660,415</b>	<b>-47,671,507</b>	<b>-162,515</b>	<b>-1,950,176</b>	<b>-2,270,431</b>	<b>-2,624,247</b>	<b>-2,517,391</b>	<b>-2,436,078</b>	<b>-2,405,787</b>	<b>-2,404,617</b>	<b>-2,404,468</b>	<b>-2,404,314</b>	<b>-2,404,155</b>	<b>-2,403,992</b>
<b>NET PRESENT VALUE</b>														
<b>Capital Cash</b>	<b>-3,835,039</b>	<b>-3,778,874</b>	<b>-3,706,447</b>	<b>-10,226,565</b>	<b>10,154,138</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Leisure Operator Management Surplus or Deficit above</b>	<b>-31,660,415</b>	<b>-47,671,507</b>	<b>-162,515</b>	<b>-1,950,176</b>	<b>-2,270,431</b>	<b>-2,624,247</b>	<b>-2,517,391</b>	<b>-2,436,078</b>	<b>-2,405,787</b>	<b>-2,404,617</b>	<b>-2,404,468</b>	<b>-2,404,314</b>	<b>-2,404,155</b>	<b>-2,403,992</b>
<b>Council Funding of Construction Costs</b>														
Interest on Debt	-4,209,933	-6,224,857	-22,500	-266,488	-319,245	-371,145	-365,478	-359,653	-353,667	-347,514	-341,189	-334,689	-328,009	-321,142
Capitalised Interest during Construction Phase	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>-4,209,933</b>	<b>-6,224,857</b>	<b>-22,500</b>	<b>-266,488</b>	<b>-319,245</b>	<b>-371,145</b>	<b>-365,478</b>	<b>-359,653</b>	<b>-353,667</b>	<b>-347,514</b>	<b>-341,189</b>	<b>-334,689</b>	<b>-328,009</b>	<b>-321,142</b>
<b>Optimism Bias</b>														
- Construction	-2,791,287	-3,108,791	-438,473	-1,801,303	-869,015	0	0	0	0	0	0	0	0	0
- Programme	-503,372	-696,390	-98,221	-403,504	-194,665	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>-3,416,555</b>	<b>-3,805,181</b>	<b>-536,694</b>	<b>-2,204,807</b>	<b>-1,063,681</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Present Value of Cashflow</b>	<b>-43,121,941</b>	<b>-61,480,418</b>	<b>-4,428,155</b>	<b>-14,648,036</b>	<b>6,500,782</b>	<b>-2,995,391</b>	<b>-2,882,868</b>	<b>-2,795,731</b>	<b>-2,759,453</b>	<b>-2,752,131</b>	<b>-2,745,657</b>	<b>-2,739,003</b>	<b>-2,732,164</b>	<b>-2,725,134</b>



## E2. Evaluation and comment on financial implications:

The financial implications have been calculated from first principles and include the capital costs, operational income and costs as debt financing costs. The capital costs and revenue implications include contingency provisions. An assessment has been made of the net costs against the affordability limit of £1.690 million and the £121,000 current management fee for the Beeches Pool and Fitness Centre and each option against their Net Present Value. The table below provides a comparison of the 2019/20 budget, the stadium legacy estimated cost (legacy estimate) and the current OBC estimate which includes a number of new facilities.

All £'000	2018/19 Outturn	2019/20 Budget	Legacy Estimate	Legacy OBC Estimate
Income – Existing Stadium	-318	318	-318	11
Income – Other sources	-722	-1,197	-	-
Income – Additional			-515	-2,140
<b>Total Income</b>	<b>-1,040</b>	<b>-1,515</b>	<b>-833</b>	<b>-2,129</b>
Employee Costs	1,109	1,010	705	1,482
Premises Costs	1,229	1,326	1,349	1,658
Transport & Moveable Plant	3	5		0
Supplies & Services	820	870	58	444
Financing Costs			411	617
<b>Net Costs</b>	<b>2,121</b>	<b>2,108</b>	<b>1,690</b>	<b>2,072</b>
<b>Costs not included in existing budgets:</b>				
Equipment leasing			92	92
Lifecycle Replacement Fund contributions			554	632
Revenue Contingency			42	185
Beeches Revenue Saving				
<b>Gross Legacy Cost</b>	<b>2,121</b>	<b>2,108</b>	<b>2,378</b>	<b>2,981</b>
Beeches Revenue Saving	0	0	0	-121
<b>Net Legacy Cost</b>	<b>2,121</b>	<b>2,108</b>	<b>2,378</b>	<b>2,860</b>

## E3. Approach to optimism bias and provision of contingency

We have calculated the optimism bias on the capital costs and programme. These are included in the financial model.

## E4. Taxation

*Describe any tax implications and how they will be managed, including VAT*

We have assumed that the operator will be a charitable vehicle and will obtain mandatory NNDR relief and be able to obtain the VAT sporting exemption on its services it provides. In terms of the facilities in the park, we assume that these will be dealt with as concessions which are property transactions and fall outside the scope of VAT. This will have an impact on the recovery of VAT associated with the construction of the facilities across the stadium site, including the new leisure facility and the park facilities. Depending on future operational arrangements, there may be substantial impacts in terms of both NNDR and VAT treatments. These will be considered in detail as the proposals progress towards FBC stage.

## F. PROJECT MANAGEMENT CASE

*This considers how project delivery plans are robust and realistic*

### F1. Key Project Milestones

### Planned Delivery Dates

OBC approval	Feb 2020
Procurement of design team complete	July 2020

Conceptual Designs complete	April 2021
Business Case Update (FBC)	April 2021
Main contract out to tender	July 2021
Developed Design complete	October 2021
Planning submission	October 2021
Planning approvals	April 2022
Contract award	October 2022
Construction Starts	November 2022
Phased completion commences	August 2023
Phased completion completed	June 2024

## F2. Achievability

*Describe how the project can be delivered given the organisational skills and capacity available*

The Project delivery is allocated to a dedicated Project Board that will support both the development of the CWG Stadium project and the Legacy project. The Board is supported by the team of specialist advisors including Mace (Project Management), Arup (Planning), Arcadis (surveyors) and sport and FMG Consulting (leisure and finance consultants) and LA Architects (design). BCC representatives from Legal, Building, Finance, Procurement and Governance are all involved in this Project and continue to oversee preparations.

## F3. Dependencies on other projects or activities

The legacy project is dependant upon the development of the stadium and infrastructure as part of the Games. The full project is also dependent upon the possible closure of the Beeches Pool and Fitness Centre. Again, the closure of Beeches would be subject to further consultation.

## F4. Products required to produce Full Business Case

*This should be a full list of the items required in order to produce a Full Business Case.*

The development of the OBC includes comprehensive analysis of the market demand, linkages with national and local programmes, policies and plans. However further analysis will be required on the following areas:

- Detailed design to Stage 4a
- Capital costs updated
- Whole life costings developed
- Review of funding packages
- Early market engagement relating to the contracting arrangements including use of Lots
- Soft market test of take up of service concessions (Park)
- Consultation with the local community on facilities and barriers to entry
- Updated Social and Economic Impact assessment
- Confirmatory consultation with stakeholders
- Contract management plan

## F5. Estimated time to complete project development to FBC

*Give an estimate of how long it will take to complete the delivery of all the products stated above, and incorporate them into a Full Business Case.*

3 months

## F6. Estimated cost to complete project development to FBC

*Provide details of the development costs shown in Section F1 above (capital and revenue). This should include an estimate of the costs of delivering all the products stated above, and incorporating them into a Full Business Case. The cost of internal resources, where these are charged to the project budget, should be included. A separate analysis may be attached.*

### **F7. Funding of development costs**

*Provide details of development costs funding shown in Section F1 above.*

The development costs of the project will be funded from within existing budgets allocated to the Legacy Project by the Council and funding partners.

### **F8. Officer support**

#### **Project Manager:**

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#### **Project Accountant:**

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Major Developments Lead – Development & Commercial Team  
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#### **Project Sponsor:**

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### **F9. Project Management**

*Describe how the project will be managed, including the responsible Project Board and who its members are*

A Project Board has been established to provide a forum to oversee the capital project of the Alexander Stadium required for the delivery of the Birmingham 2022 Commonwealth Games. It is anticipated that this will continue and ensure the integrated delivery of the stadium and legacy projects.

The Board will monitor, review, coordinate and share information on common issues impacting on the successful delivery of the capital projects. The Terms of Reference will be updated to set out the function, length of time it will be in operation and how it will be managed and where it fits in to the overall governance.

The Project Board has been appointed as part of the Stadium Masterplan which consists of the following team members:

- Members
- BCC Alexander Stadium Client Lead
- DCMS Delivery Unit Representative
- Sport England Representative
- BCC CWG Programme Director, BCC Corporate Director of Place and BCC Corporate Director, Finance and Governance to attend when appropriate

The Board will meet monthly to undertake the following functions:

1. To oversee the legacy project and ensure that appropriate control and accountability measures are in place.
2. To receive reports and monitor progress on the various elements of the legacy project.
3. To monitor the key dates and milestones in the programme and ensure the project is delivered to the agreed timescale.
4. To monitor the budget to ensure it is delivered with the funding available.
5. To consider risks and mitigation measures relating to the delivery of the legacy project.
6. To ensure integration of the various elements of the legacy project with the CWG Stadium project.
7. To ensure appropriate and timely engagement with statutory and regulatory bodies.
8. To ensure stakeholders are suitably engaged, consulted and kept inform of progress.

## G. SUPPORTING INFORMATION

*(Please adapt or replace the formats as appropriate to the project)*

### G1. OBC OPTIONS APPRAISAL RECORDS (these are summarised in section C2)

*The following sections are evidence of the different options that have been considered in arriving at the proposed solution. All options should be documented individually.*

<b>Option 1</b>	<i>Do Minimum</i> – Operation of the Stadium (post-Games) to include Birmingham City University as an anchor tenant and transfer use of the High-Performance Centre (HPAC) to the University. This is in line with the approved Stadium FBC.								
<b>Information Considered</b>	<p>The information used in the development of the strategic case for the project including consultation, market demand, national and local plans and policies. The project options were evaluated using the spending priorities and critical success factors of the project set out by the Project Team which are set out below.</p> <p><b>Spending Priorities of the scheme.</b></p> <ul style="list-style-type: none"> <li>• Reducing the existing Operating Deficit of the stadium;</li> <li>• An increase in physical activity participation;</li> <li>• Improved community engagement with the facilities and the Park;</li> <li>• Widening the use of the site by residents and visitors; and</li> <li>• Provision of an increased sports offer for the community.</li> </ul> <p><b>Critical Success Factors</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00AEEF; color: white;"> <th style="width: 20%;">Five Case Model</th> <th style="width: 20%;">Key Critical Success Factors</th> <th style="width: 60%;">Description</th> </tr> </thead> <tbody> <tr> <td style="background-color: #ADD8E6;">Strategy</td> <td style="background-color: #FFD700;">Strategic fit and meets business need</td> <td>How well the option meets the “<b>spending objectives</b>”, related business needs and service requirements and provides holistic fit and synergy with other strategies, programmes and projects</td> </tr> </tbody> </table>			Five Case Model	Key Critical Success Factors	Description	Strategy	Strategic fit and meets business need	How well the option meets the “ <b>spending objectives</b> ”, related business needs and service requirements and provides holistic fit and synergy with other strategies, programmes and projects
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Strategy	Strategic fit and meets business need	How well the option meets the “ <b>spending objectives</b> ”, related business needs and service requirements and provides holistic fit and synergy with other strategies, programmes and projects							

	Economic	Potential Value for Money	How well the option optimises social value (social, economic and environmental), in terms of the potential costs, benefits and risks
	Commercial	Supplier capacity and capability	How well the option matches the ability of potential suppliers to deliver the required services appeals to the supply side
	Financial	Potential affordability	How well the option can be financed from available funds aligns with sourcing constraints
	Management	Potential achievability	How well the option is likely to be delivered given an organisation's ability to respond to the changes required and matches the level of available skills required for successful delivery
<b>Pros and Cons of Option</b>	<p><i>What were the advantages/positive aspects of this option?</i></p> <p><i>The advantages and positives arise from the development and business case for the CWG stadium project. These included:</i></p> <ul style="list-style-type: none"> <li>• New Rental income stream from university and 1,000 sq m of space generated by West Stand</li> <li>• New Anchor tenant providing prestige for the site and project</li> </ul> <p>Birmingham City Council is also working with Birmingham City University to accommodate future need including the provision of student accommodation and a 12-court sports hall post-Games. This is also intended to support the wider regeneration efforts for Perry Barr. However, additional work is required to find a suitable location for this offer in proximity to the Stadium and will be subject to a thorough site options appraisal and further consultation with local citizens before any decisions are made.</p> <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <p>This option does not address any of the critical success factors or project objectives. The facility will still be seen as inaccessible to the local community and elitist, which may be exacerbated with the re-location of the university.</p>		
<b>People Consulted</b>	<p><i>Who was consulted regarding development of key elements of this option?</i></p> <ul style="list-style-type: none"> <li>• Sport England</li> <li>• Birmingham City Council Members and Officers</li> <li>• DCMS</li> <li>• Gymnastics Club</li> <li>• Existing Tenants at Alexander Stadium</li> <li>• English Institute for Sport</li> <li>• UK Athletics</li> <li>• Barford Tigers</li> <li>• England Hockey</li> <li>• Birchfield Harriers</li> <li>• Birmingham City University</li> <li>• Walsall Road Allotments</li> </ul>		

	<ul style="list-style-type: none"> <li>• Friends of Perry Park</li> <li>• British Cycling</li> <li>• The Canal &amp; River Trust</li> <li>• Sport Birmingham</li> <li>• British Basketball Federation (National Governing Body responsible for basketball in Britain)</li> </ul> <ul style="list-style-type: none"> <li>• The Active Wellbeing Society</li> <li>• Holford Drive Community Sports Hub</li> </ul>
<b>Recommendation</b>	<i>Proceed or Abandon this Option? ABANDON</i>
<b>Principal Reason for Decision</b>	<i>What are the key reasons for the recommendation?</i>  Does not sufficiently meet any of the critical success factors and Project Objectives.

<b>Option 2</b>	<i>Improved offering for Perry Park – Lower Cost – As Option 1, plus the potential provision of new leisure facilities in the wider Perry Park. This could be inclusive of: a visitor centre and café, external play facilities, new pathways, and investment in cycling routes etc.</i>
<b>Information Considered</b>	<i>What information was considered in making the decision?</i>  The information used in the development of the strategic case for the project including consultation, market demand, national and local plans and policies. The project options were evaluated using the spending priorities and critical success factors of the project set out by the Project Team.  Site masterplan of the park and the linkages with the City, Stadium and Canal were considered as well as accessibility to the park by the community.
<b>Pros and Cons of Option</b>	<i>What were the advantages/positive aspects of this option?</i>  Creation of different zones in the park, new pathways and signage, new sports facilities and also a centre point of a visitor centre and café adjacent to the Perry Reservoir provide the positives of the park area.  <ul style="list-style-type: none"> <li>• Community engagement for all ages</li> <li>• Improved accessibility of the park (from outside and inside)</li> <li>• Development of a new purpose to come to the park (new facilities)</li> <li>• Development of educational facilities with visitor centre</li> <li>• Educational improvements relating to the understanding of biodiversity</li> </ul> <i>What are the Disadvantages/negative aspects of this option?</i>  <ul style="list-style-type: none"> <li>• Does not sufficiently address the issues of elitism and access to the Stadium</li> <li>• Does not address the issue of the aged existing sports and leisure provision (Beeches Pool and Fitness Centre)</li> <li>• Does not drive sufficient income to cover construction costs.</li> </ul>
<b>People Consulted</b>	<i>Who was consulted regarding development of key elements of this option?</i>  <i>As Option 1 above.</i>
<b>Recommendation</b>	<i>Proceed or Abandon this Option? ABANDON</i>
<b>Principal Reason for Decision</b>	<i>What are the key reasons for the recommendation regarding this option?</i>  Does not address affordability or is sufficient to capture the imagination of the

	local community as a stand-alone project.
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<b>Option 3</b>	<i>Improved offering for Perry Park and a new leisure centre - As Option 2, plus the potential provision of a new wet and dry leisure facility replacing the Beeches Pool and Fitness Centre which would be closed and the site sold.</i>
<b>Information Considered</b>	<p><i>What information was considered in evaluating the option?</i></p> <p>The information used in the development of the strategic case for the project including consultation, market demand, national and local plans and policies. The project options were evaluated using the spending priorities and critical success factors of the project set out by the Project Team.</p> <p>Site masterplan of the park and the linkages with the City, Stadium and Canal were considered as well as accessibility to the park by the community.</p> <p>Development of site plan relating to the Stadium to accommodate a range of new leisure centre options and subsequent designs for facility mix of new facilities and integration with the site.</p>
<b>Pros and Cons of Option</b>	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> <li>• Meets the critical success factors for the project</li> <li>• Addresses the Project Objectives</li> <li>• Provides substantial infrastructure onto the site to develop a 20-year built legacy for the site</li> <li>• Creates investment into the community</li> <li>• Brings the park and stadium together as a community facility</li> <li>• Reduces operational subsidy of current facilities including Beeches Pool and Fitness Centre</li> </ul> <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <ul style="list-style-type: none"> <li>• Higher capital costs</li> <li>• Higher risk than other options</li> </ul>
<b>People Consulted</b>	<p><i>Who was consulted regarding development of key elements of this option?</i></p> <ul style="list-style-type: none"> <li>• As Option 1 plus Serco Operating Leisure Ltd and Birmingham Community Trust whom manage Beeches Pool and Fitness Centre</li> </ul>
<b>Recommendation</b>	<i>Proceed or Abandon this Option? PROCEED</i>
<b>Principal Reason for Decision</b>	<p><i>What are the key reasons for the recommendation regarding this option?</i></p> <p>Options meets substantially the critical success factors and Project Objectives but cost may be prohibitive.</p>

<b>G2. OUTLINE RISKS AND ISSUES REGISTER</b>			
<i>Risks should include Optimism Bias, and risks during the development to FBC</i>			
<i>Grading of severity and likelihood: High – Significant – Medium - Low</i>			
Risk or issue	Mitigation	Risk after mitigation:	
		Likelihood	Severity
<b>1. VAT Charge for Alexander Stadium</b> There is a risk there will be a Value Added Tax (VAT) charge for the redevelopment of the Alexander Stadium, which was not included in the	Review governance and confirm with HMRC VAT Status	High	High

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original budget.			
2. <b>Funding Package is deliverable</b> – parties are not able to provide the level of initial commitment or scheme does not leverage funds	Obtain letters of commitment prior to commencement of project and prior to FBC sign off. Obtain clarity on funder requirements and ensure scheme meets these through audit.	Low	High
3. <b>Capital Costs are higher than anticipated</b> – cost inflation and project variations.	Inflation or contingency not sufficient. Ensure cost plan includes current market projections and sufficient cost allowances for scheme including provisional sums at this stage	High	High
4. <b>Concessions are not lettable due to market</b> – no market interest	Seek market interest through early market engagement during FBC and procurement phases. If required, Council in-house could operate facilities but would retain the risk.	Medium	Low
5. <b>Leisure Centre operating costs are higher than anticipated</b> – income is not generated and operating costs are higher	Outsource operation to a third party to manage the income and cost risks. Ensure use of Sport England standard contract which shares risks that leverage value for money and are bankable in the market.	Low	Low
6. <b>Project is delayed</b> – resulting in higher costs and delayed income.	Construction and operations are outsourced with risks transferred to third parties. Delays would reduce impact from economic and social benefits to the community. Programme management and procurement support likely to mitigate this risk.	Low	Low

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