

To	Resources O&S Committee
Date	12 March 2020
Report from	Guy Olivant – Major Developments Lead, Finance & Governance Directorate
Subject	Commonwealth Games – Council Funding Commitments

1 Purpose of Report

- 1.1 This report provides a summary of the costs to the Council associated with the hosting of the Commonwealth Games, but excluding contributions to fund the Athletes Village and wider regeneration of Perry Barr.

2 Background

- 2.1 Under the terms of the Host City Contract for the Games, the Council is required to fund up to £184.6million as a contribution to the cost of the Games (this contribution equates to 25% of costs excluding Security contingency, and includes capital projects such as the redevelopment of the Alexander Stadium). In addition, the Council will also incur a range of other costs either set out in the Host City Contract, or as a necessary consequence of the decision to host the Games.
- 2.2 These latter costs fall outside of the remit of the Birmingham 2022 Organising Committee, but are necessary to ensure that the Games is a successful event that delivers a positive and sustainable legacy long after the end of the Games.
- 2.3 This report provides an assessment of the anticipated key elements of expenditure anticipated, and their likely costs as set out within the Council's Financial Plan as approved on 25 February 2020.

3 Key Elements of Expenditure

- 3.1 Four key elements of expenditure have been identified that are necessary for the successful support of the Games by the Council. These are:
- Contribution to OC Costs
 - Enhanced City Operations
 - Legacy Development
 - Programme Team costs
- 3.2 The Contribution to OC costs represents the Council's contributions (including Partner Contributions) to the "core" costs of the Games, including capital investment in facilities such as the Alexander Stadium and Sandwell Aquatics centre, as well as the costs of the Games itself. These costs are proposed to be capped at £184.6million under the terms of a draft funding agreement between DCMS and the Council, and is budgeted to include £75million of partner contributions as well as the Council's own resources.
- 3.3 The Enhanced City Operations costs relate to the likely additional costs to be incurred in the lead up to, and during the Games, largely as a result of the very substantial

influx of visitors to the City, and to ensure that visitors' experience of Birmingham is safe as well as enjoyable. These costs are intended to supplement "business as usual" activities and may include street cleaning, refuse collection, safety works and wayfinding.

- 3.4 The Legacy Development programme will be focussed on ensuring that residents are fully engaged with the Games, and that the enduring benefits of the Games are enjoyed by local residents and do not dissipate as soon as the Games are over. This programme will comprise a large number of separate locally focussed initiatives, and is likely to be largely delivered at a Ward level.
- 3.5 The Programme Team costs are a clear necessity for a programme of the size, complexity and importance of the Commonwealth Games. The team works very closely with other key Games partners including the Organising Committee, DCMS, the Commonwealth Games Foundation and Sandwell Council, as well as making sure there is suitable integration with the rest of the Council's operations.

4 Budget Summary

- 4.1 The Council's Financial plan, as approved on 25 February, included provision for the key services as set out above, together with indicative timings for the different elements of expenditure, as set out in the following table.

Year	2018/19 £'m	2019/20 £'m	2020/21 £'m	2021/22 £'m	2022/23 £'m	Total £'m
Revenue						
Contribution to OC Costs	2.156				36.822	38.978
Enhanced City Operations				5.000	10.000	15.000
Legacy Development				6.000		6.000
Programme Team	0.665	1.000	4.000	5.021	2.444	13.130
Total Revenue Expenditure	2.821	1.000	4.000	16.021	49.266	73.108
Capital Expenditure						
Council Funded	1.552	10.971	36.255	20.922	0.902	70.602
Partner Contributions			36.339	37.928	0.733	75.000
Total Capital Expenditure	1.552	10.971	72.594	58.850	1.635	145.602

- 4.2 Work is currently under way to develop detailed plans to underpin the likely activity relating to Enhanced City Operations, Legacy Development and Programme Team, which may involve some refinement of the timing and precise costs incurred. Any

changes arising from this work will be reported to the appropriate decision maker in due course.