

# **BIRMINGHAM CITY COUNCIL**

## **PUBLIC REPORT**

**Report to:** **CABINET**  
**Report of:** **Interim Chief Executive**  
**Date of Decision:** **14<sup>th</sup> November 2017**  
**SUBJECT:** **COMMONWEALTH GAMES 2022**

**Key Decision:** **Yes**  
**If not in the Forward Plan:** **Relevant Forward Plan Ref:**  
**(please "X" box)** **Chief Executive approved** **X**  
**Relevant Cabinet Member(s) or** **O&S Chair approved** **X**  
**Relevant Executive Member** **Leader of the Council, Councillor Ian Ward**  
**Relevant O&S Chair:** **Corporate Resources and Governance - Councillor**  
**Mohammed Aikhlaq**  
**Wards affected:** **All and in particular Perry Barr**

### **1. Purpose of report:**

- 1.1 To provide an update to Cabinet on the progress made in respect of the 2022 Commonwealth Games Bid.
- 1.2 To seek approval from Cabinet on the approach to the delivery mechanism proposed for the residential element of the Commonwealth Games Village.

### **2. Decision(s) recommended:**

That Cabinet:-

- 2.1 Notes the work being undertaken and the progress made in respect of the bid for the 2022 Commonwealth Games as set out in section 5 of this report
- 2.2 Notes the information set out in section 5 of this report in respect of the requirement to deliver a Commonwealth Games Village, including the funding applications which have been made to fund the delivery of the development of a Commonwealth Games Village.
- 2.3 Notes the options appraisal (Appendix 1) which sets out the options for delivery of the Commonwealth Games Village and the conclusions of this work.
- 2.4 Notes the commencement of the procurement process for an Employer's Agent using the Homes and Community Agency (HCA) Multidisciplinary Panel framework agreement to support the development of the Commonwealth Games Village, including the preparation of a Final Business Case which will be reported to Cabinet in summer 2018.
- 2.5 Notes that the procurement of other professional services that may be necessary to ensure the delivery of the project will be undertaken in accordance with the Council's Standing Orders and Procurement Governance Arrangements.
- 2.6 Notes that should Birmingham not be awarded the games, a further report on the implications for the development at Perry Barr will be provided to Cabinet

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- 2.7 Notes that there will be a full report to Council on all the implications of the Games on 5 December 2017.

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### 3. Consultation

#### 3.1 Internal

3.1.1 Officers in Legal Services, City Finance, Procurement, and the Place Directorate (Landlord Services) have been involved in the preparation of this report.

3.1.2 Relevant Ward Council Members will be consulted as part of the Planning process.

#### 3.2 External

3.2.1 Opportunities will be available for residents from affected wards to be consulted as part of the planning application process and thereafter by notification of the contractor mobilising for a start on site.

### 4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 The proposed development at Perry Barr is in line with the City's plans for growth as set out in the Birmingham 2031 Development Plan, and as such the activity proposed is not contingent upon the approval of Birmingham as 2022 Host City.

This proposal also responds to the Council's key priorities;

**Children** – the redevelopment of Perry Barr will lead to a step change in the local neighbourhood and ensure a safe, warm, sustainable and connected environment in which our children can thrive;

**Housing** – the Council is committed to the development of enough high quality new homes to meet the needs of a growing city, and the proposals within this report seek to support housing growth in the city;

**Jobs and Skills** – activity within the construction sector will create jobs and apprenticeships in the city, and activity in the supply chain industries, supporting the local economy through the Birmingham Business Charter for Social Responsibility;

**Health** – the links between health and housing are well recognised. The scheme will see the construction of new thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and will offer a higher quality of life leading to better health outcomes.

#### 4.1.2 Birmingham Business Charter for Social Responsibility (BB4CSR)

The recommended companies for each contract awarded will be required to provide actions proportionate to the value of each proposed contract. The actions will form part of the agreement, and we will seek new and innovative ideas from the contractors, particularly in respect of engagement with the local community, some examples of the likely actions are:

- Mentoring support to local colleges
- Use of FindItInBirmingham as a primary source to advertise opportunities to local businesses
- Engagement with local schools and community groups to provide information about the construction industry
- Provision of support to the local community e.g. planters to schools, waste timber to schools, litter picking in the area of each scheme etc.

In addition, the FBC will set out the estimated number of people that will benefit from apprenticeship opportunities and the number of weeks that will be provided for local work placements and training opportunities.

#### 4.2 Financial Implications

- 4.2.1 As part of this approach it should be noted that if Birmingham is not awarded the Commonwealth Games, there will be some abortive costs to this work. These costs are likely to be no more than officer time taken to progress the procurement work associated with the appointment of the Employer's Agent referenced in paragraph 5.21 of this report.
- 4.2.2 The estimated total capital cost of the proposed development will be confirmed as part of the Final Business Case, which will be presented to Cabinet for approval in summer 2018.
- 4.2.3 Appropriate permissions to construct highway will also be required. Opportunities will be explored to align any changes to the highway as a consequence of each new development to the Highways Management and Maintenance PFI (HMMPFI) programme of works to minimise costs of delivery to the scheme.

#### 4.3 Legal Implications

Section 1 of the Localism Act 2011 contains the local authorities general competence power. Section 111 of the Local Government Act 1972 enables a local authority to do anything that is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions. The Local Government (Contracts) Act 1997 empowers local authorities to enter into contracts for providing assets and services in connection with the discharge of their functions.

#### 4.4 Public Sector Equality Duty

- 4.4.1 Cabinet is asked to have due regard to the Equality Impact monitoring assessment set out in Appendix 3.

### 5. **Relevant background/chronology of key events:**

- 5.1 On 15th August 2017, Cabinet approved the decision to submit a formal bid to the Commonwealth Games Federation (CGF) for Birmingham to host the 2022 Commonwealth Games. The final bid was submitted on 30<sup>th</sup> September 2017, an extensive piece of work that had to detail: how we envisaged the Games would be delivered; the cultural and legacy benefits for Birmingham and the wider region; securing guarantees from partner organisations relating to delivery of transportation, venues, medical services, culture and legacy programmes; opening and closing ceremonies; media arrangements; the Athletes Village; accommodation and details of the Business Expo. The Birmingham team who included a wide range of partners worked very hard to pull the bid together in a very short timeframe, and we are very grateful for the contributions from everyone involved.
- 5.2 Following submission of the Birmingham bid, the CGF issued a press release stating that they had not received any fully compliant bids, and that the bidding period had been extended until 30th November 2017. Birmingham's bid was not compliant in that it did not fully agree to all of the requirements of the Host City Contract as proposed by the CGF, and that any guarantees we had been asked to sign were conditional on the basis of us not agreeing to all of the requirements of the Host City Contract. The decision to submit the bid without agreeing to these requirements was taken in conjunction with government colleagues at the Commonwealth Games Delivery Unit (CGDU), part of the Department of Culture, Media and Sport (DCMS). This was because both Government and BCC were concerned about the impact of some of the contractual and financial implications of agreeing to all of the requirements and guarantees without further discussion, clarification and negotiation with the CGF.
- 5.3 On 19th and 20th October 2017, the CGF and the Birmingham Team met to discuss the issues of non-compliance and to further discuss the terms of the Host City Contract. As a result of these discussions we are working closely with the CGDU and Commonwealth Games England to resolve any remaining issues with the CGF. The Leader, along with representatives from Commonwealth Games England and the CGDU, will be giving a further presentation to the CGF on 23<sup>rd</sup> November 2017. This will be followed by formal submission of the bid, responding to the issues raised by the CGF. There will be a full report to Council on 5<sup>th</sup> December 2017 and briefings of Members before then.
- 5.4 As the bidding process has been extended until 30th November 2017, we do not anticipate any formal announcement of the results of the bidding process until December 2017 at the earliest.
- 5.5 Expenditure on the bid to date has been sourced from a regional consortium (as reported to Cabinet on 14th June 2017), and has been used to fund the requirement for specialist support in preparing the bid for submission.
- 5.6 On 15th August 2017, in addition to agreeing to submit the bid, Cabinet approved the allocation of a further £5m over 5 years from 2018/19 in order to provide the extra

capacity and expertise to deliver the Games (estimated to be £5m over 5 years) with funding for these early stage commitments to be identified as part of the ongoing work on the development of the games funding strategy.

- 5.7 We are continuing to work with our partners to deliver the 25% Birmingham and regional contribution required towards the cost of hosting the Commonwealth Games. The Leader and Chief Executive have presented the case for the Games at formal Board meetings of two out of three LEPs and the WMCA, and productive meetings have also been held with University colleagues to explore potential sources of funding and 'in-kind' contributions, which are now being considered in more detail. Finance colleagues are working on the detail of the City Council's contribution to the 25% regional funding pot.
- 5.8 As set out in the report to Cabinet on 15<sup>th</sup> August 2017, a key component of the Games will be the delivery of the Commonwealth Games Village (CGV) which would be used on a temporary basis for the duration of the games and create a legacy opportunity post games as the first phase of significant new housing development in Perry Barr.
- 5.9 During the period of the games, access to and use of, the CGV will be restricted to athletes and officials involved with the games. The CGV will provide residential accommodation for c6500 athletes, and also a range of key ancillary residential infrastructure, such as shops, dining facilities, medical centre, offices and storage space for the team and officials and also a transport area which will be used to take athletes and officials to and from their events. All of these facilities will need to be constructed prior to the commencement of the Games in July 2022. This is clearly a hugely ambitious and challenging target.
- 5.10 In order to quantify the costs associated with the delivery of a CGV the Council commissioned a development appraisal which identified that there would be a funding gap ie a gap between the costs of building the village and the recoupment of that by sale of the houses afterwards. Since the provision of a CGV is a requirement of a host city, officers have been exploring options for relevant funding provision to fund the delivery of the CGV.
- 5.11 There are two elements to the construction of the CGV. The residential accommodation will be comprised of permanent buildings, which after the period of the Games will be converted to general purpose residential accommodation. This permanent accommodation will include a full range of tenures, including homes for sale and market rent, and homes for social and affordable rent provided by the Council. The ancillary facilities serving the Games will take the form of a temporary "overlay" of non-permanent structures which may be removed at the end of the Games.
- 5.12 Given that the residential accommodation will have a "life" after the Games, it is essential to ensure that this accommodation is designed to a high standard across all future tenures, and is flexible enough to both provide satisfactory housing for the athletes during the Games, but can also be converted after the Games to housing which will make a significant contribution to meeting housing need in the local area having regard to planning policy. During the Games, the residential element will provide accommodation for athletes and officials. Post Games, the de-conversion process will provide approximately c1000 new homes in Perry Barr. A significant proportion of these will be flats and apartments, and there will also be up to 50 family houses provided on site.

- 5.13 Notwithstanding the long term uses for the accommodation that will be built, there are very specific detailed requirements of the CGF in terms of the specification of accommodation that is required for use by athletes during the period of the games. This requirement has to be offset by the long term requirements of the accommodation for when it will be used in legacy mode. However, the CGF have requested on-going input and involvement into developing the final CGV.
- 5.14 Taking all of this into account, there are three options for managing the development of the CGV; these are direct delivery ; engaging a development partner or a joint venture vehicle. An appraisal of these options is outlined in Appendix 1. The substantive factors to consider in the appraisal are; risk transfer, cost, quality and time available.
- 5.15 Owing to the timescales for delivery, the option to deliver the CGF through a 3<sup>rd</sup> party or Joint Venture is not feasible - given the cost of delivering the CGV a full process involving advertising the opportunity in the Official Journal of the European Union (OJEU) would be required which the current timescales for delivery do not allow. In addition the requirements for the involvement of the CGF and the increased costs that would be incurred as a result of scope changes via a 3<sup>rd</sup> party developer result in lack of overall control for the end product. The outcome of the appraisal is therefore that the option of direct delivery of the CGV is the most cost effective solution, providing more certainty of delivery and ensuring greater quality in design and build of the scheme. While this approach is deliberately chosen to reduce risk, it is not itself without risk
- 5.16 Delivery of the project by the Council will mean that the Council incurs all the construction costs and would fund these from prudential borrowing (after any external grant funding obtained). After the Games, the Council would convert the village to residential housing with the intention that the borrowing would be partly repaid from housing sales proceeds, with the cost of the remaining borrowing met from rental income.
- 5.17 Delivery of the project by the Council will ensure more effective control of costs and of design quality than if the work were to be handed over to a partner. In addition, direct delivery by the Council will result in significant cost savings. A private sector partner would be expecting to generate profits of circa 20% for a scheme of this nature, and would not have access to loan finance at the same low rates that the Council can access through the Public Works Loan Board. These two elements mean that the additional costs of working with a partner would be in the tens of millions.
- 5.18 Additionally, to support this rationale, unlike most other local authorities, the Council has the option to manage the delivery of the new homes through its own vehicles which already deliver both the Birmingham Municipal Housing Trust and InReach programmes. Through these two programmes the Council has delivered an average of 500 new homes each year for the last three years and is the biggest housing developer in the City.
- 5.19 The legacy aspect of this project is crucial. The Games offers the opportunity to completely regenerate Perry Barr and to make the whole area a more attractive place to live, with better amenities, transport connections and infrastructure. . If the Council acts as developer through its own development arrangements, which have raised the standard for residential development across the City and won numerous local and national awards for design, it is far more likely to achieve the legacy quality of environment that Perry Barr deserves.
- 5.20 In accepting that developing the village itself is the best option, the Council needs to recognise the significant financial risks. The risk leading up to the Games is in

constructing the village on budget within a very tight and immovable deadline. The risk after the Games is in achieving sufficient sales proceeds and rental income, in order to pay off enough of the borrowing to break even financially. However this risk has been identified and the approach to mitigating it will be set out in the Full Business Case to Cabinet in summer 2018, as part of the post games disposal strategy.

- 5.21 In order to progress the direct delivery of the CGV, the Council will need to appoint an Employer's Agent who will provide professional services to the Council to progress the CGV. An employer's agent is the professional team who will support the Council in delivering the athletes village for the Commonwealth Games and provide services, including site investigation, architectural design, preparation of planning application, cost control and quantity surveying, mechanical and electrical design services, structural engineers, procurement advice, and Clerk of Works services. This appointment is dealt with through a Planned Procurement Activities report to Cabinet for these proposals. In the event that the games are not awarded, the appointment will not progress.
- 5.22 Should Birmingham's bid for the Games be successful, a programme of wider public engagement (especially with residents of Perry Barr), will be undertaken to explain proposals in more detail and enable residents to respond to them.

## **6. Evaluation of alternative option(s):**

- 6.1 To deliver the residential accommodation through a private sector partner – this option would be more expensive than delivery by the Council, and is unlikely to achieve the same quality and legacy. Additionally, given the cost of delivering the CGV a full OJEU process would be required which the current timescales for delivery do not allow.
- 6.2 If the City is awarded the games, there is a requirement to deliver accommodation for athletes and officials within the City –this could be achieved in student accommodation but would not deliver the depth of legacy for the City which development at Perry Barr provides. Additionally and importantly that type of option would also have some impact on the Council's revenue budget as the costs associated with this approach would not be recoverable or deliver any of the benefits that the preferred option will
- 6.3 Of course one option would be not to bid for the Games at all. This would not generate the need for the Village in the associated timescales with the associated risks and the Council would still have made a commitment to regenerating the area in its strategic plans. However the Council has already made a commitment to bid for the Games, within certain conditions, and one of the positive impacts will be the acceleration of the regeneration process in Perry Barr, with benefit to current and future residents and the development of that part of the city generally.

## **7. Reasons for Decision(s):**

- 7.1 To support and facilitate the delivery of the residential element of the scheme will accelerate the Council's aspirations for the regeneration of Perry Barr. This report is being brought ahead of the main report to Council in December because of the need to move forward as quickly as possible against tight deadlines.
- 7.2 To respond to the opportunities provided for Birmingham and the region, by holding the Commonwealth Games in the city and neighbouring cities and parts of the Midlands.

**Signatures****Date**

Councillor Ian Ward  
Leader of the Council

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| Stella Manzie  
Interim Chief Executive

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**List of Background Documents used to compile this Report:**

Relevant Officer's file(s) on the matter, save for confidential documents

**List of Appendices accompanying this Report (if any):**

1. Commonwealth Games Village – Options Appraisal
2. A copy of the Equality Act 2010: Public Sector Duty statement is included in Appendix 2
3. Equality Analysis

**Report Version****Dated****PROTOCOL**



## **PUBLIC SECTOR EQUALITY DUTY**

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
  - (a) whether there is adverse impact upon persons within the protected categories
  - (b) what is the nature of this adverse impact
  - (c) whether the adverse impact can be avoided and at what cost – and if not –
  - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
  - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
  - the full equality impact assessment (as an appendix)
  - the equality duty – see page 9 (as an appendix).

## **Equality Act 2010**

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5 The relevant protected characteristics are:
  - (a) Marriage & civil partnership
  - (b) Age
  - (c) Disability
  - (d) Gender reassignment
  - (e) Pregnancy and maternity
  - (f) Race
  - (g) Religion or belief
  - (h) Sex
  - (i) Sexual orientation