

CHAPTER 6: COMMONWEALTH GAMES

1. Background

- 1.1. The 2022 Commonwealth Games were awarded to Birmingham in December 2017, giving a lead in time to the Games of some 4½ years (it is more usual for the lead in time to be around 7 years). The Commonwealth Games will include the participation of more than 6,500 athletes and officials from up to 71 Commonwealth Nations and territories, with an expected influx to Birmingham of more than 400,000 unique visitors.
- 1.2. Whilst the Commonwealth Games sporting action will be centred in and around Birmingham, a number of events will be held at venues outside of Birmingham, including a new Aquatics Centre in Sandwell, mountain biking at Cannock Chase, lawn bowls at the home of Bowls England in Leamington Spa, multiple sports at the National Exhibition Centre and track cycling at the Olympic Velodrome, in London's Queen Elizabeth II Park.
- 1.3. The funding of the Commonwealth Games overall is complex and includes a substantial contribution anticipated to be in excess of £100m from commercial revenues. The remaining balance of costs are shared between Central Government and Birmingham City Council, with around 75% of costs net of commercial revenues funded by Central Government, whilst the balance of 25% of the net costs will be funded by Birmingham City Council including contributions from key local and regional partners, representing an investment of £3 from the Government for every £1 of local investment. The Council's contribution is capped at £184.198m.
- 1.4. In addition, the Council is required under the terms of the bid to deliver a range of services to the Games as outlined in the Host City Contract. These costs include, but are not limited to, the provision of suitable high-profile space for ticketing and merchandising, provision of a countdown clock in the lead up to the Games and ensuring the availability of the infrastructure necessary for the delivery of the Games (but not the provision of temporary "overlay" facilities).

2. Council Contribution to Organising Committee Costs

- 2.1. The overall budget for the Organising Committee (the Games budget) was approved by Government in June 2019, in line with the estimated costs as set out in Birmingham's bid for the 2022 Commonwealth Games. Following this approval, a detailed Funding Agreement between the Department for Culture, Media and Sport (DCMS) and the Council has been entered into, which confirms that the Council's contribution is capped at £184.198m. At this stage in the delivery of the Games, the Organising Committee is continuing to forecast a balanced budget, although there remains substantial work to be completed in relation to the security budget in particular (it should be noted that any security cost overruns are fully funded by DCMS).

- 2.2. The Council's contribution (including partner contributions) will be delivered through the funding of Capital expenditure in the first instance, with a balancing contribution to revenue costs in the final year, in order to achieve the required overall 25% net contribution. These contributions are the subject of a number of funding agreements with Games Partners that set out the detailed arrangements for funding individual projects and ensure that all contributions made by the Council are properly recognised as costs associated with the Commonwealth Games.
- 2.3. The overall estimated capital costs to the Council and associated funding are set out in Table 6.1 below. It should be noted that these costs exclude expenditure required on enhanced City Operations during Games Time or the costs of the Council team responsible for Games delivery.

Table 6.1 Capital Costs of Commonwealth Games

	2018/19 Actual £m	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Budget £m	2022/23 Budget £m	Total £m
Capital Expenditure						
Alexander Stadium (Including Athletes Road)	1.552	4.974	18.133	44.353	5.697	74.709
Sandwell Aquatics Centre	0.000	2.448	19.974	15.110		37.532
Public Realm	0.000		0.035	2.003	0.640	2.678
Training and other Venues	0.000		0.200	1.563		1.763
OC Costs	0.000	4.055	0.853	3.497		8.405
Contingency			4.972	9.618	5.548	20.138
Total Capital Expenditure	1.552	11.477	44.167	76.144	11.885	145.225
Capital Funding						
Borrowing	0.000		(16.817)	(26.703)	(6.480)	(50.000)
Corporate Capital Resources	(1.552)	(11.477)	(6.671)			(19.700)
Partner Capital Contributions	0.000		(20.679)	(49.441)	(4.880)	(75.000)
Revenue Contributions	0.000				(0.525)	(0.525)
Total Capital Funding	(1.552)	(11.477)	(44.167)	(76.144)	(11.885)	(145.225)

- 2.4. The estimated revenue costs to the Council are set out in Table 6.2 below

Table 6.2 Revenue Costs of Commonwealth Games

	2018/19 Actual £m	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Budget £m	2022/23 Budget £m	Total £m
Contribution to OC Budget	2.156	0.000	0.000	0.000	36.817	38.973
Contributions To / (From) Reserves	2.832	8.460	0.000	15.854	(27.146)	0.000
Revenue Contributions to fund Capital Programme	0.000	0.000	0.000	0.000	0.525	0.525
Total Revenue Expenditure	4.988	8.460	0.000	15.854	10.196	39.498
BCC Revenue Contributions	(4.988)	(8.460)	0.000	(15.854)	(10.196)	(39.498)
Total Revenue Funding	(4.988)	(8.460)	0.000	(15.854)	(10.196)	(39.498)
Net Revenue (Surplus)/Deficit	0.000	0.000	0.000	0.000	0.000	0.000
Note: Reserve Balance at year-end	2.832	11.292	11.292	27.146	0.000	0.000

- 2.5. The Organising Committee's costs include a number of major capital projects (principally relating to the Alexander Stadium and a contribution the costs of construction of a new Aquatics Centre in Sandwell), as well as substantial revenue costs closer to Games Time relating to the planning and operation of the Games themselves.
- 2.6. The Council's overall proposed capital contribution amounts to £145.2m, of which £74.7m relates to the refurbishment of the Alexander Stadium, with the balance of £70.5m covering contributions to the Aquatics Centre, capital elements of security expenditure, capital investment required to other venues and capital contingencies.
- 2.7. The refurbishment of the Alexander Stadium will deliver an athletics stadium with a capacity of almost 40,000 during Games Time, reducing to around half this level subsequently, together with a 6-lane 400m warm up track, community facilities and substantial commercial space opportunities, to deliver a sustainable Stadium operation and ensure a lasting legacy post-Games. Planning consent was granted for this development on 30 January 2020, and contracts were let for the main construction phase of the project in May 2020, with works now under way and on track for completion by March 2022.
- 2.8. Funding for the overall capital contribution is anticipated to include partner contributions totalling £75.0m of which £50.0m has already been secured, together with prudential borrowing of £50.0m, existing Council capital resources of £19.7m and a balance of £0.5m to be funded through revenue contributions.

- 2.9. The remaining balance of unsecured partner contributions of £25.0m has been the subject of extensive dialogue with partners, following which it is clear that there is a substantial risk that no further contributions will be secured, partly as a consequence of a refocussing of priorities following the COVID-19 pandemic. In the event that this risk materialises it is unlikely that it will be possible to secure sufficient savings in the overall costs of delivery of the Games to mitigate this funding shortfall, and it will therefore be necessary to identify and secure alternative funding.
- 2.10. The Council's balance of contributions, anticipated to total £39.0m, is not directly attributable to individual projects or elements of the Organising Committee's costs, but will instead represent a general contribution to their overall costs, including security provisions being delivered through the West Midlands Police. The Council is continuing to explore alternative funding arrangements for this contribution, a specific revenue reserve is being created for this purpose, that will contribute towards meeting these funding liabilities as they fall due, with the majority of expenditure anticipated to be incurred in 2022/23.

3. Direct Council Revenue Costs

- 3.1. As would be expected for a major project of this scale, the Council has put into place a dedicated project team to exercise the Council's obligations under the Host City Contract, manage the overall programme and to manage relationships with key stakeholders, including the Organising Committee, Commonwealth Games Federation, residents and Central Government. The size and composition of this team will evolve as the programme progresses, with the total costs of the team from bid to conclusion of the Games estimated as being around £16.4m. The timing of costs being incurred, and the adequacy of this initial provision will continue to be robustly monitored and managed through the period to 2022/23.
- 3.2. The Council will also incur operational costs during the Games themselves (these may include additional costs associated with street cleaning, traffic management etc. as a result of the increased numbers of spectators at specific venues). Details of the extent of such additional costs will be fully developed in the lead-up to the Games but are anticipated to be substantially funded through "business as usual" budgets in the first instance, with only genuine additionality that cannot be absorbed into day to day costs being funded as a part of the Commonwealth Games programme. The full detail of these additional costs has not yet been confirmed, but an indicative estimate is that the total costs may be in the region of £15m.
- 3.3. A Commonwealth Games Community Fund has also been created at a total cost to the Council of £6.0m. This funding will be utilised to provide small grants to local organisations to encourage engagement and participation in the lead-up to the Games in 2022. This Fund is split into three separate sub-programmes, with £2.0m (including administration and evaluation costs) allocated to each, as set out below.

3.3.1. Creative Communities Small Grant Fund

Cabinet approved proposals for a “Creative Communities Small Grants Fund” on 13 October 2020, with an identified budget of £2m. This fund will be administered by the Birmingham 2022 Organising Committee on the Council’s behalf, alongside additional funding that they have been successful in leveraging in from funders such as the National Lottery. This fund is intended to:

- Connect Birmingham residents and communities (of geography or interest) with artists to create new art works for the Cultural Festival of the Games
- Lead to co-created artistic outputs for their community, all across Birmingham, flooding the city with artistic interventions, celebrations and projects
- Catalyse the creative energies of young people aged 16-30, as well as valuing the intersection of community of all ages – whether families with children or intergenerational approaches with elderly residents
- Seek to engage with every ward in the city, with a specific focus on those areas that have high levels of deprivation

3.3.2. Celebrating Communities Small Grant Fund

On 15 December 2020 Cabinet approved a further allocation of £2m for small grants, to be allocated on a ward by ward basis and administered by the Council’s NDSU (with all administration costs forming a part of the overall £2m allocation). The purpose of grants awarded as a part of this programme is to:

- Support and engage Birmingham communities to feel part of the Games
- Make sure engagement and participation opportunities are spread across the city
- Ensure that the projects delivered through the fund support our diverse communities
- Make certain that the projects delivered celebrate Birmingham and the Commonwealth
- Deliver benefits for the city’s residents that align with ward priorities
- Create feelings of connectivity, positivity and pride

3.3.3. Remaining Funding

The remaining funding of £2m will be focussed on key themes, likely to include the key drivers of increased participation and physical activity. Detailed proposals are currently under development and will be the subject of full consultation with key stakeholders before consideration by Cabinet.

- 3.4. The estimated direct revenue costs to the Council (excluding those set out in table 6.2 above) are set out in Table 6.3 below.

Table 6.3 Direct Revenue Costs of Commonwealth Games

	2018/19 Actual £m	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Budget £m	2022/23 Budget £m	Total £m
Programme Team	0.421	0.780	5.547	6.533	3.092	16.373
City Readiness				5.000	10.000	15.000
Community Fund				6.000		6.000
Total Revenue Expenditure	0.421	0.780	5.547	17.533	13.092	37.373