

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	Alexander Stadium Redevelopment Full Business Case – Phase 1 Commonwealth Games Development		
Voyager code	CA-03031-01/1CA0/2AA		
Portfolio /Committee	Commonwealth Games, Sport, Events	Directorate	Neighbourhoods
Approved by Project Sponsor	Steve Hollingworth	Approved by Finance Business Partner	Guy Olivant

A2. Outline Business Case approval *(Date and approving body)*

Alexander Stadium will host the Birmingham 2022 Commonwealth Games opening and closing ceremonies and the athletics competition. To accommodate this in accordance with the requirements of the Host City Contract, and to provide a lasting, financially sustainable community sports facility post Games, the Council needs to develop a scheme for its redevelopment.

An Outline Business Case was previously developed as part of a Masterplan by The Sports Consultancy in conjunction with S&P architects and Mace in 2018, detailing the redevelopment of the site to include preparations for the Games overlay and new facility developments in Legacy mode following the Games. The final report did not fully capture the most up to date information on the project and its stakeholders, which at that time was continuously evolving at pace.

Since then the vision for the site and final stakeholder list has been finalised and potential new anchor tenants have been secured in the form of Birmingham City University (BCU) that will base their sports campus at the site. The (GBSLEP) FBC was also produced by Birmingham City Council and Arcadis as part of the Greater Birmingham and Solihull Local Enterprise Partnership Business Case in parallel to this report to seek to secure contributory funds for the scheme.

Certain relevant elements of the previous OBC and FBC have therefore been included where relevant, to evidence the background work that was completed with stakeholders and user groups and to communicate ongoing strategies that sit behind the proposals. Extracts from the recent FBC ensure consistency of communication and messaging.

The Stadium redevelopment has two parts; the Phase 1 part is the development of the stadium and associated accommodation for the Games overlay mode and Phase 2 is the further development of the wider sports facilities on site, together with extending the level of lettable space for the BCU in legacy mode. This FBC deals with the requirements to deliver Games mode only.

Each output of the FBC aims to provide evidence to support Phase 1 of the redevelopment project, which specifically deals with the design and construction work for the Games overlay period only. Phase 1 project approval is required to access £72.4m of funds that enable the overall timelines for the Commonwealth Games to be met.

It is the intention of Project Team to submit an Outline Business Case for Phase 2, which will include proposals for design and construction for the overall site in legacy mode following the Games, later in 2019. Any reference to Phase 2 has been included as background and context within this FBC but is excluded from this FBC which focusses solely on Phase 1 of the redevelopment.

A3. Project Description

Alexander Stadium will be the main venue for the athletics and ceremonies in the Commonwealth Games. The stadium needs to have 37,500 seats during the Games to cater for the enlarged demand. These additional seats will be provided using temporary infrastructures which will be removed following the Games close.

The long-term scheme for the stadium site and surrounding land is split into 2 phases as described previously. This FBC relates to Phase 1 of the scheme, which is the construction of a new stadium and associated landscape works to deliver the Commonwealth Games 2022 and the relocation of BCU to the new West Stand along with updated space for Birchfield Harriers Athletics Club (BHAC).

Phase 1 includes the demolition of the existing 3 spectator stands so that a new running track can be laid and a new permanent west stand constructed. As the combined capacity of the east stand and the new west stand will be for 17,000 people, further temporary seating will be provided at the northern and southern ends of the stadium to bring capacity to 37,500 during Games mode which can be taken down once the Games have finished.

Within the proposed home straight stand (West Stand) there will be a new home for Birchfield Harriers and a Sports Science Faculty for Birmingham City University (BCU). Construction works to the East Stand is not included within the proposed scope of works.

Other sporting facilities will include a 3G pitch and warm-up track for the Games, improved accessibility to the stadium and surrounding parkland through enhanced existing pedestrian and vehicular accesses as well as a new east road connecting towards the Aldridge Road.

The design aims to engage seamlessly with its context, enhancing and complementing the existing facilities with an efficient, harmoniously integrated West Stand. Its fluid curvature is generated from the existing geometry and bowl, creating an expression of athleticism, dynamism and grace. A sweeping roof efficiently echoes the bowl, defining the memorable primary silhouette of the architecture. This elegant, arch-like roof is visible from a distance, signifying the presence of the stadium in its local environment.

The stadium will be visually open and accessible to all who wish to visit it, and is completely integrated into its surroundings and community.

Birmingham City Council's aspiration is to develop "a legacy stadium within a park setting that will provide a high-profile venue for diverse sporting, leisure and cultural events, whilst maintaining a varied community programme". The Design Team are liaising closely with the Organising Committee for the 2022 Commonwealth Games to ensure that the emerging design can accommodate the "overlay" that will transform the site into the principal venue for the Games.

A4. Scope

The Full Business Case is based on HM Treasury's Green Book's five case appraisal model and is set around the following brief which has been provided by BCC:

Baseline Design:

- Enlargement of the seating capacity at Alexander Stadium from 12,750 to 17,000 seats (in Legacy Mode)
- Demolition of the three existing west stands and construction of a new west stand
- Construction of new open seating to the north and south stands
- Retention of the east stand
- Construction of an additional track (400m 6-lane warm up) and re-laying of a new IAAF Category 1 track (400m 9-lane competition track)
- Retention of the High-Performance Centre (HPC) and Gymnastics and Martial Arts Centre (GMAC)
- Construction of all associated infrastructure, external works, car parking and signage
- Installation of new stadium lighting and practice throwing field.

Tenancy Assumptions:

- That UK Athletics will retain their office space on the first floor of the East Stand
- Birchfield Harriers will be relocated into the new West Stand with appropriate facilities
- The current health and fitness offer (gym, studios and spin studios) will be retained in situ
- Birmingham City University (BCU) Sports Science Faculty are negotiating to be accommodated in the available space (approx. 2,100m²) located within the new West Stand
- There is currently approx. 1,000m² of available space within the East Stand which can be let as flexible office space. This excludes the UK Athletics offices and the retained fitness gym.

A5. Scope exclusions

- No allowance has been made within the financial projections covering the period the facility is handed over (April 22 – Nov 22) to the Organising Committee for the Games.
- Phase 2 of the Alexander Stadium redevelopment in Legacy mode is not part of the FBC. The principals and assumptions of what Phase 2 will entail have been captured to enable the vision to be understood.
- Phase 2 may utilise the large green open spaces available for development following the games and may also consider the construction of a new community leisure facility on the site to replace Beeches Pool, which would be decommissioned to enable a capital receipt return on the site.
- There may also be potential for a further development of BCU to include student accommodation on site.
- An OBC is being developed in parallel for Phase 2 to identify the benefits and synergies of the potential future development.

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 redevelopment of the Alexander Stadium will contribute greatly to Birmingham's reputation as a global sporting power and city of international reputation.
- The legacy from the games will help 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 Commonwealth Games (CWG), improving both their physical and mental health and general wellbeing.
- The stadium is currently operating at a substantial net annual loss of £1.9 million Net Cost of Services. A key objective is for the stadium to be more financially viable following the Commonwealth Games. The operation and financing of the Stadium will need to be revisited following the Games and will be considered further in the Phase 2 - Outline Business Case.
- The project team is working to create a viable community legacy for the Alexander Stadium site, while also taking account of the immediate needs of the 2022 CWG.
- The redevelopment will deliver the necessary improvements to the Stadium, particularly the replacement of the stands built in the 1970s which require investment.
- One of the outcomes of the new scheme is to redesign the site to ensure visitor engagement is simple and easy.
- The proposed expansion is an indication of Birmingham's ambitions to increase the relative scale and magnitude of the existing infrastructure at the stadium to match the requirements of the Games.

B2. Project Deliverables

These are the outputs from the project e.g. a new building with xm2 of internal space, xm of new road, etc

The main output is to deliver a stadium and infrastructure that is compliant with the requirements of the Organising Committee to hold the Games

B3. Project Benefits

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

Measure	Impact
Delivery of the Common Wealth Games athletics competition, Open and Closing Ceremonies at the Stadium	Ensure the delivery of the city commitment to host the Commonwealth Games
Deliver new 1000m2 lettable space to contribute towards financial sustainability	Improved rental income to support the sustainability of the stadium
Provision for 2,100m2 new educational lettable space to enhance education and skills	Increase the opportunity for the BCU to develop its sports science courses from 400 students to 1,000 per annum
Creation of employment opportunities	Improve employment opportunities directly and within the supply chain pre and post Games.
Unlock the current BCU site for redevelopment	The relocation of the BCU to the stadium site will unlock their current site for investment and regeneration in line with the Councils Local Plan.
Improve sports participation and physical	Improve the demographic data on obesity, social

activity to improve the health of the communities	deprivation, death rates etc in the City
B4. Benefits Realisation Plan <i>Set out here how you will ensure the planned benefits will be delivered</i>	
<p>The project management team will seek to contract with parties to ensure that the outcomes are delivered in terms of lettable space, housing, local job creation and regeneration schemes. Improvements to the demographic data will be measured from annual ONS data and Active Lives Survey data but will require interventions from the Council in terms of marketing, programming and pricing.</p>	
B5. Stakeholders A stakeholder analysis is provided in Appendix G4 of this report.	
C. ECONOMIC CASE AND OPTIONS APPRAISAL <i>This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities</i>	
C1. Summary of options reviewed at Outline Business Case <i>(including reasons for the preferred option which has been developed to FBC)</i> <i>If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.</i>	
<p>Do Nothing</p> <ul style="list-style-type: none"> Although doing nothing is not really an option given that the current facilities will not meet the requirements of the Commonwealth Games as set out in the Host City Contract, it is nevertheless important to understand the difference between the proposed option and the do nothing option. It is clear that the current stadium site would not be able to accommodate the envisaged attendance to the Games and would not meet the capacity or facility criteria of the Games as set out in the Birmingham 2022, Commonwealth Games, Athletics and Ceremonies Games Functional Brief dated November 2018. <p>Do Minimum Option</p> <ul style="list-style-type: none"> The Do Minimum Option will be the development of the Stadium site to deliver the Games in 2022 in accordance with the requirements of the Organising Committee and International Federation. The Do Minimum Option is the proposed option to take forward which meets the requirements. <p>Alternative Option</p> <ul style="list-style-type: none"> An alternative option was considered which provided a sport and leisure, educational and commercial focus in legacy mode. This option has been considered in outline and is subject to its own separate business case. <p>Proposed Option</p> <ul style="list-style-type: none"> The preferred scheme aims to redevelop and expand Alexander Stadium to ensure a world-class stadium and associated facilities are in place for the 2022 Commonwealth Games, whilst being mindful of the requirements for financial sustainability in legacy mode. This Phase 1 option presents an opportunity to advance the common vision of Birmingham and the West Midlands Combined Authority. The athletics events will be widely covered by various media platforms where Birmingham's pre-eminent athletics facilities will be displayed along with its ability to handle international events. The revamped stadium will host a huge number of spectators from around the world, participating and supporting the athletes in the Commonwealth Games and in potential future events. Therefore, the stadium and complementary extended facilities associated with the Games, such as the transport improvements and new housing, will boast the city's connectivity, potential and prospects for future investment. The occasion provides Birmingham City the opportunity to exhibit its strong cultural and creative assets. 	

- Additionally, the expansion provides for future growth in sports participation by both amateur and elite athletes. These benefits extend to the local community that will have access to the stadium facilities, translating into the improved health and wellbeing of the city's diverse population. This all adds value to the social and economic benefits of the investment.
- Delivery of the major project will provide opportunities for Birmingham to create employment, develop and grow its local industries and supply chains.
- Other associated facilities that are part of The Games Masterplan, including those part of BCU intended for sports related training and academic study beyond the athletics events, will provide opportunities for jobs within the education sector.
- This diversified usage of the Alexander Stadium enables revenue generation beyond the Commonwealth Games and ensures self-sustainability of the facilities beyond 2022.

BCU's plans, post-games, will see the provision of world class research facilities. This will provide a platform for spearheading initiatives in the sporting industry, cementing Birmingham's reputation as the place for top athletes and sports. The scheme has direct measurable outputs that augment the desired vision for Birmingham city and its surrounding communities. These are discussed and presented further within the Economic Case.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

- Project risks are presented and monitored through the CWG Stadium Project Board and the CWG Capital Programme Board.
- Hosting the 2022 Commonwealth Games in Birmingham proposes low economic risk, as 95% of the competitive sporting venues already exist, one of which is the Alexander Stadium. This is supported by the data from other large sporting events such as the London 2012 Olympic and Paralympic Games, the Glasgow 2014 Commonwealth Games and the 2015 Rugby World Cup have all helped generate investment returns, such as a rise in reputation, improved infrastructure and greater business networks; all of which contribute to lasting economic benefits.
- A full risk register has been developed and costed on all aspects of the Commonwealth Games including those specific to the development of the Alexander Stadium site by the Council's professional advisors. The total weighted value of the risk register has been calculated at circa £10.653 million and is included in Appendix B.
- For the avoidance of doubt there are a number of other risks identified within the Risk Register. The value of the Optimism Bias is £9.668 million which is marginally below the value of the risk register. Details of funding of the Optimism Bias is set out in Section 6.
- A summary of the key risks included in the risk register are set out below:

Table of Key Risks

Risk Area	Estimated Value
Delay in appointing contractor	£4 million
Contaminated land -	£2.055m
Removal of excavated materials from site	£1.035m
Inflation	£840k
Delay in programme	£200k
Poor ground conditions	£200k
Late handover of site to Commonwealth Games	£150k
Delay in sign off of project by funding partners	£133k
Pre-conditions not discharged	£100k
Delay in appointing contractor	£4 million

C3. 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:

- New accommodation and learning facilities for an expanded Sports and Exercise Science curriculum for BCU; and
- Unlocking the current BCU site for redevelopment following the relocation of BCU Sports Science Faculty to the new stadium site after the games will open up potential for further discussion and negotiation with BCU for other future developments
- Improve sports participation by both amateur and elite athletes, extending to the local community that will have access to the stadium facilities, translating into the improved health and wellbeing of the city's diverse population.
- Provide opportunities to develop and grow its local industries and supply chains.
- The proposed scheme will provide training and support to the employed or those looking to be employed in construction, increasing the skills base for the construction industry across the region.
- Relocation of BCU sports related training and academic studies which will provide opportunities for jobs within the education sector.

The wider social and economic benefits have been calculated as follows:

Summary of Economic and Social Impact	Alexander Stadium
Net Construction in Person Years	645
Gross Added Value (5 Years Discounted)	£165,614
Wellbeing Benefits (Lifetime)	£56,892
Health Benefits (Lifetime)	£88,341

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 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. This will ensure the integrated delivery of the whole project. More specifically the Group will monitor, review, coordinate and share information on common issues impacting on the successful delivery of the capital project for the Birmingham 2022 Commonwealth Games. The group will also ensure that the delivery of the capital project is in line with the policies and objectives of the OC. The Terms of Reference also 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 (BCC Service Director Sport, Events, Open Space and Wellbeing)

UK Athletics Representative

CGFP Representative
 CGE Representative
 DCMS Delivery Unit Representative
 Sport England Representative
 OC Representative
 NB – BCC CWG Project Director, BCC Corporate Director of Place and BCC Corporate Director, Finance and Governance to attend when appropriate

Reporting Attenders

BCC Alexander Stadium Project Lead
 BCC Alexander Stadium Design Lead
 Building Contractor Representative
 BCC Alexander Stadium Project Manager/Coordinator
 NB – BCC Finance, Legal, Building Control & Procurement Representatives

Invitees

Relevant Governing Bodies Reps, i.e. specialists in event delivery and sport requirements
 West Midlands Police Representative
 Transport for West Midlands Representative
 BCC Head of Birmingham 2022 Communications (or nominee)

Support

BCC CWG PMO Officer (minute taker)

D2. Procurement implications and Contract Strategy:

What is the proposed procurement contract strategy and route? Which Framework, or OJEU? This should generally discharge the requirement to approve a Contract Strategy (with a recommendation in the report).

Construction

Cabinet approved the procurement strategy and route in the Tender Strategy for the Development of the Alexander Stadium report dated 22nd January 2019. This approved the commencement of the procurement activities for the following:

- Demolition of the Main Straight Grandstands at Alexander Stadium and the Remediation of the Site
- Construction of the Athletic Tracks
- Construction of the Main Grandstand

Professional Services

Contracts for the professional services to support the development of the project were awarded following approval by the Corporate Director of Place, the Director of Commissioning and Procurement, the Corporate Director of Finance and Governance (or their delegate) and the City Solicitor (or their delegate) for the following:

- Design services to Ove Arup and Partners Ltd on 28th September 2018
- Project management services to Mace Ltd on 3rd October 2018
- Cost management to Acivico Ltd

A procurement process will be undertaken for a structurally checking service that will be required

during the construction period.

D3. Staffing and TUPE implications:

As the stadium will continue to be operated by BCC for the period leading into and immediately following the CWG, there is no impact on staffing or TUPE implications in the FBC.

E. FINANCIAL CASE

This sets out the cost and affordability of the project

E1. Financial implications and funding

The tables below sets out extracts from the financial model which include a summary of the capital costs and financing.

Capital Expenditure

	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Demolition	1,087			1,087
Warm Up Track	93	1,116	558	1,767
Enabling	705	2,117		2,822
Stadium		27,156	18,105	45,261
External Works			11,585	11,585
Inflation	115	1,852	1,844	3,811
Total Construction Payments	2,000	32,241	32,092	66,333
Total Professional Fees	187	3,014	3,000	6,201
Net Capital Payments at Outturn	2,187	35,255	35,092	72,534

Within the above Net Capital Payments at Outturn, the sum of £5.436 million has been included as a design development allowance.

The key assumptions underpinning these capital costs are set out below:

- All costs exclude VAT
- Costs are based on 1Q 2019 price levels with further allowances made for tender price and build cost inflation.
- Works will be competitively tendered
- The site has vacant possession when the works commence
- No phased completions or sectional completions
- All works will be carried out in normal working hours.
- Sufficient time will be allowed for completion of the detailed design prior to tendering the works
- All excavated material remains on site

Capital Funding

The Council share of the capital and revenue costs of the Commonwealth Games of £185 million was agreed in December 2017 (excluding the cost of the Athletes Village). Of this sum, the amount allocated for capital purposes is £145 million which is met by £10m prudential borrowing chargeable to the project, £40m Council borrowing, £20m existing internal capital resources and £75m partnership funding (including LEP, the Combined Authority and Universities across Birmingham and the Midlands). The table below sets out an overview of the capital funding package to meet the capital costs relating to this Phase 1 of the project.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Total Construction Payments	2,187	35,255	35,092	72,534
Less:				
Commonwealth Games Funding	-2,187	-15,255	-92	-17,534
Combined Authority Contribution			-25,000	-25,000
LEP Contribution		-20,000		-20,000
Service Funded Prudential Borrowing			-10,000	-10,000
Total Funding	-2,187	-35,255	-35,092	-72,534

The £10 million identified as Service Funded Prudential Borrowing will be repaid over a 40 year period at an annual cost of £0.411million. The justification for lending the project £10 million is based upon the principle that the new stadium will leverage increased commercial opportunities for income generation that would support this repayment. For example, the marginal rental income from Birmingham University together with other office rental space generated and the increased usage at the gym facility is very likely to cover this investment.

Revenue Consequences – Legacy Mode

The following table sets out a comparison between the revenue costs and income of the Alexander Stadium in legacy mode following the conclusion of the Games, and existing financial performance of the Stadium.

	2018/19 Outturn	2019/20 Budget	Legacy Estimate
	£'000	£'000	£'000
Income – Existing Stadium	-318	--318	-318
Income – Other sources	-722	-1,197	
Income – Additional			-515
Total Income	-1,040	-1,515	-833
Employee Costs	1,109	1,010	705
Premises Costs	1,229	1,326	1,349
Transport & Moveable Plant	3	5	
Supplies & Services	820	870	58
Financing Costs			411
Net Costs	2,125	1,696	1,690
Additional Costs not included in existing budgets			
Equipment leasing			92
Lifecycle Replacement Fund contributions			554
Revenue Contingency			42
Gross Legacy Cost			2,378

It should be noted that it appears that existing income sources amounting to a minimum of £700k have been omitted from the legacy projections, and in addition there are substantial legacy opportunities for income generation that are not included in the above table that have not been quantified at this stage, that are likely to be sufficient to cover the additional costs excluded from existing budgets.

E2. Evaluation and comment on financial implications:

In building the revenue projections detailed in the full financial model, it is assumed that the stadium will continue to be operated by the Council as the leisure contractor, however there are advantages and disadvantages to outsourcing this service that should be considered as part of the final business case once Phase 2 Legacy mode has been finalised.

The key income streams arising from the post investment in the site are set out in the table below.

- We have included the income from the current rental streams plus the additional revenue streams from the increased rental space created from the development including new office space (1,000m²) in the East Stand and the 2,100m² of education space for the University. Current rental income per the budget is £161,143 and the new capital investment will provide a further £205,000 of rental income.
- We have made the following adjustments to the Current Stadium Income; GMAC income of £12,556 per annum.
- Following the investment by the University, we anticipate that there will be circa 450 students on site when part of the campus relocates to the stadium site. There are ambitions for this to increase to 600 or even 1,000 at any one time. Given the propensity for sports students to maintain their fitness and to occupy themselves we have assumed that 40% of these 450 students will take up gym memberships. Given the local competition and affordability being a barrier to entry, we have set the price point for these students at £14.99 including VAT per month.
- The new athletics track will be used for school hire and club use in accordance with the OBC. This has not been retested at this stage but appears reasonable although the operator will need to consider the programming of these venues to optimise revenues. This will be in addition to the current usage in the main stadium. We have included a provision for maintenance and lifecycle costs in the operating expenditure.
- We have included the provision included within the OBC for income from the new 3G artificial grass pitch totalling £67,500 per annum. We have included the costs of maintenance and replacement of the pitch carpet.
- We have included additional revenue associated with catering income, relating to the new university student users at the site, new users for the 3G pitch and also the new athletics track. We have not included any additional resource to support at café on site.
- We have also included the marginal income from functions using a £500 hire rate only with the cost of food, beverage and staffing charged separately.
- The cost of goods sold (purchases of stock) have been included within the operating expenditure. The income has been calculated from the anticipated additional users to the site, post investment.
- We have not included any income from car parking.
- The net direct operating costs of the new facility have been estimated by taking the current costs and making adjustments in certain key expenditure areas that vary with the size of the facility, including NNDR, maintenance, marketing, lifecycle costs and debt repayment and interest.
- We have reviewed the level of staffing within the stadium and associated buildings and made

the following adjustments:

- Two FTE leisure assistants to cover the use of the 3G pitch and new athletics track facilities at £16,612 plus on costs. It is likely that this may be covered by one FTE and then we would allocate the resource to on site sports and physical activity marketing post or social media support.
 - We have added holiday cover, sickness cover and training provision at 15%, 2% and 10% on the salary and wages costs respectively
 - We have included ERNI and Pension Contributions at the same value as currently incurred at circa £50k and £150k per annum.
- The premises costs include business rates (NNDR), maintenance, cleaning, security and utility costs. The new facilities have resulted in an increased cost compared to current costs. Part of this relates directly from the substantial lift in the Gross Internal Floor Area (GIFA) affecting the marginal costs including NNDR, security, cleaning, utility costs, maintenance and lifecycle costs.
- We have not been able to review in detail the sufficiency of these budgets but have compared actual expenditure to these budgets. We have increased the cost of the following areas by 25%; maintenance, NNDR and utilities, being the larger budgets under this heading.
- The level of supplies and services have not changed significantly.
- The operation of the facilities by the Council provides that sales of tickets, gym memberships, casual fitness, catering services etc. are all subject to VAT. Rental income is exempt. Discussions have taken place between Council officers in relation to the impact the capital expenditure will have on the Council's VAT exemption threshold limits where they can incur and recover VAT paid on areas that are VAT exempt.
- No provision has been made for overheads and profit as the Council operates the facility directly but we have used set aside a contingency for the Council to cover any "optimism bias" associated with revenue generation from the site in post investment mode. This is included at 10% of income.
- We have made provision for the replacement of fitness equipment (110 stations) and stadium furniture, fittings and equipment, plus for the replacement of the running track at both sites and the 3G carpet. The table below sets out the annual provision for lifecycle costs.
- We have calculated from experience the likely level of annual building lifecycle at £342,900 per annum based upon the overall construction costs multiplied by 20% and divided by 25 years.
- The equipment lifecycle costs have been determined from assuming that the economic life of the main stadium running track surface will be 7 years at a replacement cost of £500,000 (Indexed) and the new warm up track surface 10 years at a cost of £500,000 (Indexed), both with material top up every 3 years at a cost of £200,000 each track. The 3G carpet is anticipated to last 10 years, at a cost of £275,000 (indexed).
- There are also other items of equipment and FF&E that are included in our lifecycle model which are included in the equipment lifecycle provision.
- The initial cost of providing FF&E will be funded from leasing and internal loan from the Council.
- The annual leasing costs are based upon a £300 per £'000 and are charged directly to the profit and loss account. All the items of FFE are financed by internal borrowing and written out at the same period as the main construction project.
- The capital expenditure to be funded through prudential borrowing charged to the service is £10 million and will be financed over a 40 years period at an assumed annuity rate of 2.70%. The investment is assumed to be a spend to save initiative and the £10 million will be supported by

the increased rental streams to cover the debt costs which are included within the operational costs.

- The NPV of the project is £48.9 million after adjusting for Optimism Bias. The only comparison in terms of projects is the Do Nothing option. For completeness, the NPV of this Do Nothing Option is £24.1.
- The Council has taken advice and is assured that all VAT is recoverable.
- No adjustment for the Commonwealth Games event, which we understand will be accounted for separately. There may well be a marginal overstatement of income during the financial year ending March 2023 given that the handover of the site to the CWG will be from 11th April 2022 through to 1st November 2022, a period of six months.

E3. Approach to optimism bias and provision of contingency

- We have applied the HM Treasury guidance to the development of the Optimum Bias calculations which are set out clearly in the financial models. These cover construction costs and programme. We have sought to score each of the strands within the main evaluation or assessment criteria based upon our understanding of the status of the project. These have been discussed with the Council's professional advisors.
- The level of Optimism Bias has been scored at £9.668 million (NPV).
- The development of the financial models and financial inputs has been undertaken in consultation with the Council and its professional advisors. The financial model has included contingency provisions of 10% at capital and revenue levels, and it also has set aside a general provision within the Council's own corporate budget for changes in project costs. There is a risk register than has been fully costed.
- The overall proposed budget for the Commonwealth Games includes a level of centrally held contingency against all capital projects (including the Alexander Stadium) of 20%. This contingency is the subject of rigorous change control processes to manage access and to maximise the likelihood of delivery without recourse to contingency sums. This contingency is excluded from the approvals set out in this report.

E4. Taxation

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

- A key risk may be the VAT recovery of the input tax on construction and during the revenue operating period, although the latter may be covered by the Section 33 exemption. The Council has taken advice on this matter and are assured all VAT is recoverable.
- The transaction forms both works and services, both of which incur input tax supplies. Discussions on the tax position, in particular VAT have been undertaken and we are advised that the transaction will be able to recover all its works and services input tax.
- The Council will procure the works and services via its own status as a public body. Given the nature of the tax status of the Council, no corporation tax, capital allowances or the annual investment allowance (AIA) have been made.

F. PROJECT MANAGEMENT CASE

This considers how project delivery plans are robust and realistic

F1. Key Project Milestones

The summary Project Plan and milestones is attached at G1 below

Planned Delivery Dates

Planned start date for delivery of the project	
Issue Demolition Invitation to tender	12/03/2019 This is open and live
Issue Construction Invitation to tender	24/06/2019
Demolition contract award.	01/07/19
Issue RIBA stage 3 information.	09/08/19
Sign off of RIBA 3 by all stakeholders	30/08/19
Consultation period	TBC
Demolition commencement on site	03/09/2019
Submit planning application	06/09/19
Demolition complete	21/01/2020
Target date to achieve planning approval	10/01/2020
Construction contract award	24/02/2020
Construction start on site	20/03/2020
Complete substructures	June 2020 (indicative tbc)
Complete frame/ superstructures	November 2020 (indicative tbc)
Envelope and roof commencement	November 2020 (indicative tbc)
Watertight achieved	January 2021 (indicative tbc)
Commence fit-out	February 2021(indicative tbc)
Power on achieved.	August 2021
Complete fit out	August 2021 (indicative tbc)
Commissioning complete	October 2021 (indicative tbc)
Practically complete	November 2021 (indicative tbc)

F2. Achievability

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

The Project delivery is achievable given the dedicated Project Team that continues to focus on the development and preparation for the CWG. The Board consists of specialists in their field from Project Managers (Mace) to planners, design (Arup), Surveyors, consultants (Arcadis, FMG in partnership with My Leisure Consultant), leisure facility designs and delivery (Sport England), the Common Wealth Games Federation as Games specialists, transportation, emergency services, venue management specialists security, procurement, Health and safety, Accessibility, Environment/sustainability and Technical development. BCC representatives from Legal, Building, Finance, Procurement and Governance are all involved in this Project and continue to oversee preparations.

Additional specialists are called upon when needed, however the Project Board meet formally on a monthly basis with additional meetings arranged as needed to discuss specific elements of the Games and its preparations. These are minuted and fed back into the main Project Board.

The Risk Register continues to highlight any potential risks to any aspect of the project programme well in advance, to ensure that mitigations are put in place to manage these risks effectively.

The Games budget has been set and is managed carefully through formal approval processes to ensure draw down of funds is in line with the Project Plan.

Full details of the Board and its Management are detailed below in section F5.

F3. Dependencies on other projects or activities

There are a number of schemes associated with the successful delivery of the Commonwealth Games provides an opportunity to showcase the city and the future of sustainable transport in both Perry Barr and Greater Birmingham, while delivering a step change in provision for local resident's post Games.

Other projects linked to this Stadium project include:

- investment in the sustainable regeneration of Perry Barr
- a new Sprint network
- enhanced cycle infrastructure
- new Athletes Village in Perry Barr which will be converted to new housing after the games,
- site linked to a better connected and refurbished station.

These initiatives will ensure spectators and athletes can easily access the new and enhanced facilities, both during the Games and into the future, securing a strong legacy for the investment. This will also ensure the legacy benefits of the Stadium redevelopment are easily accessible, in a sustainable way, to the whole of Birmingham and the West Midlands.

There is potential land around the Alexander Stadium and Perry Park that could be used for student accommodation. BCU Sports Science faculty has an aspiration to grow so that it can accommodate up to 1,000 students. In accordance with this, a minimum 450 bed development is proposed with a maximum capacity of 800 beds. The development will not be feasible if the facilities at the Alexander Stadium are sub-standard to BCU requirements, thus the potential legacy benefits of BCU investment in Perry Barr is reliant on the proposed stadium redevelopment.

The delivery of the project is not only dependent on crucial funding from the GBSLEP, but it is also reliant on the results and work efficiency of the construction contractor and the project advisors Mace and their ability to complete the project on time and on budget.

In the event of major external factors that would stop the Commonwealth Games from taking place, there would be a reduction in the benefits associated with the stadium redevelopment. There would no longer be a strong media spotlight, positive coverage of the games and Birmingham, reducing opportunities to advertise the city and the new facilities.

The completion of other Commonwealth Games related facilities such as the the Athletes Village in Perry Barr and transport schemes, such as Sprint, will have an impact on the success of The Games which will, in turn, impact the success of the stadium project.

It is planned that the Alexander Stadium will remain the UK's premier solely Athletics Stadium once the new stand and facilities are completed. However, if another stadium is built somewhere in England, the Alexander Stadium's national role will be diminished and this could impact benefit realisation.

F4. Officer support**Project Manager:**

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F5. 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. This will ensure the integrated delivery of the whole project. More specifically the Group will monitor, review, coordinate and share information on common issues impacting on the successful delivery of the capital project for the Birmingham 2022 Commonwealth Games. The group will also ensure that the delivery of the capital project is in line with the policies and objectives of the OC. The Terms of Reference also 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 (BCC Service Director Sport, Events, Open Space and Wellbeing)

UK Athletics Representative

CGFP Representative

CGE Representative

DCMS Delivery Unit Representative

Sport England Representative

OC Representative

NB – BCC CWG Project Director, BCC Corporate Director of Place and BCC Corporate Director, Finance and Governance to attend when appropriate

Reporting Attenders

BCC Alexander Stadium Project Lead

BCC Alexander Stadium Design Lead

Building Contractor Representative

BCC Alexander Stadium Project Manager/Coordinator

NB – BCC Finance, Legal, Building Control & Procurement Representatives

Invitees

Relevant Governing Bodies Reps, i.e. specialists in event delivery and sport requirements

West Midlands Police Representative

Transport for West Midlands Representative

BCC Head of Birmingham 2022 Communications (or nominee)

Support

BCC CWG PMO Officer (minute taker)

*Attendance will grow as more stakeholders are in post

The Board will meet monthly to undertake the following functions:

- To oversee the capital project and ensure that appropriate control and accountability measures are in place.
- To receive reports and monitor progress on the various elements of the capital project.
- To monitor the key dates and milestones in the programme and highlight and mitigate any issues that impact on the development to ensure the project is delivered to the agreed timescale.
- To receive financial reports on the various elements of the capital project and monitor the budget to ensure it is delivered with the funding available.
- To consider risks to delivery of the capital project, review and provide advice and feedback on mitigation measures.
- To ensure integration of the various elements of the capital project and that information is shared among all relevant parties.
- To ensure appropriate and timely engagement with statutory authorities and regulatory bodies.
- To ensure that the appropriate channels and styles of communication are in place to actively engage the Games partners.
- To report progress through the Games governance structure i.e. to the Capital Programme Group
- To ensure stakeholders are suitably engaged, consulted and kept inform of progress.
- To receive report from the Alexander Stadium Project Lead for sign off on matters including:
 - Planning
 - Design
 - Health and safety
 - Accessibility
 - Environment/sustainability
 - Community consultation
 - Procurement
 - Technical development
 - Construction
 - Transport
 - Legacy

Minutes are taken at the meetings and issued at least two days before each meeting with Agenda items.

G. SUPPORTING INFORMATION

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

G1. PROJECT PLAN

Detailed Project Plan supporting the key milestones in section F1 above

APPENDIX

[illegible][illegible]

APPENDIX

[illegible]

APPENDIX

G2. SUMMARY OF RISKS AND ISSUES REGISTER

Risks should include Optimism Bias, and risks during the development to FBC

Grading of severity and likelihood: High – Significant – Medium - Low

		Risk after mitigation:	
Commonwealth Games - Risk or issue	Mitigation	Severity	Likelihood
1. Venue Delivery Delay There is a risk of failure to deliver venues (capital projects) to timescale. This could force a change in direction for hosting event(s) during the Games.	Effective cross-partner governance via Capital Programme Group to ensure partners involved in timely decision making Strong control of schedules and early warning of slippage to enable corrective action	2	4
2. VAT Charge for Alexander Stadium 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 original budget.	Review potential options and seek steer via governance arrangements	3	3
3. Transport Route from Village to Stadium The Current route from transport mall to Stadium is sub-optimal. Athletes' buses cannot gain access to Aldridge Road and must approach the Stadium and Warm Up Track in the far top of the site from the A34. Security-clean vehicular passage for Athletes' buses but current plans force all transport onto the A34.	Potential new route options to be discussed, for instance behind the east stand or utilising Aldridge Road. Change will enable background traffic the use of the A34. Transport meeting feedback must feed into design and location of the sites.	2	4
4. Perry Barr Connectivity Programmes for transport related schemes (i.e. Highways improvements, Train Station, A34 Sprint) may not align with the Village and Stadium construction programmes and compromise delivery.	Project Manager(s) to ensure dialogue and integration with other schemes.	4	4
5. Stadium Legacy Facility Mix As the Stadium legacy facility mix is not fully defined and design process has yet to commence, there is a risk the adequacy of current programme and budget projections will not be sufficient.	Options appraisal of legacy facility mix options Master/Business plan and model development.	3	5
6. Stadium Budget	Robust impact assessment and Change Control procedures in broader financial	4	3

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There is a risk that the Project exceeds cost benchmark data and budgets, by increase in scope of works or other factors	governance arrangements.		
7. Grey Area Costs There is a risk of expenditure to facilitate which are not in BCC and OC budgets.	1. Stadium PM to work with wider CWG programme team (BCC & OC) to ensure that all costs are covered in either BCC or OC budgets. 2. Identify grey areas surrounding works outside of know redline to understand capital work stream best placed to pick up.	4	4

G3. EXTERNAL FUNDING AND OTHER FINANCIAL DETAILS

Description of external funding arrangements and conditions, and other financial details supporting the financial implications in section E1 above (if appropriate)

Details of the external funding for the project are highlighted in E1. Other supporting financial information is included in the FBC Financial Model which is attached to this Appendix. It is anticipated that the Phase 2 element of the project (post games) will provide the more substantive commercial developments which will provide the increased return on investment, given the increase in rental areas for the University, the new sports and leisure indoor provision and the outdoor activities.

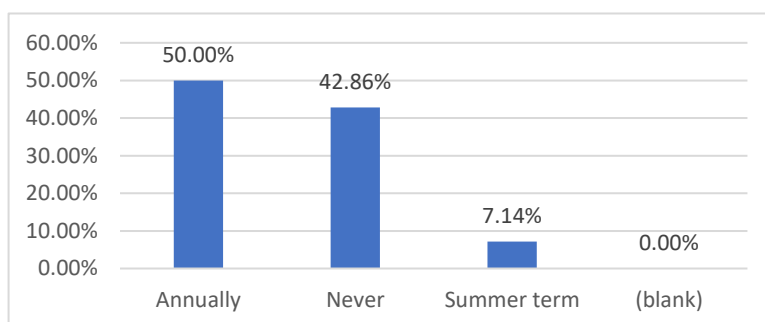
G4. STAKEHOLDER ANALYSIS

A consultation process was undertaken by The Sports Consultancy in 2018 with over 60 people from 16 different clubs, associations or governing bodies of sport to secure a wide range of opinions about the redevelopment requirements at Alexander Stadium.

A variety of organisations including representatives from; Birmingham City Council, the Organising Committee, National Governing Bodies, Educational Establishments, clubs and local residents took part over a period of three months and involved face to face meetings, conference calls, site visits, attendance at a customer forum and online surveys.

Schools were invited to engage in the survey with 14 local schools providing feedback and response. Of those, 57% of the respondents already using the site during April/May or June/July periods for school sports days. These respondents use the facility predominantly for the athletics track. The frequency of usage is shown in Table 1 below:

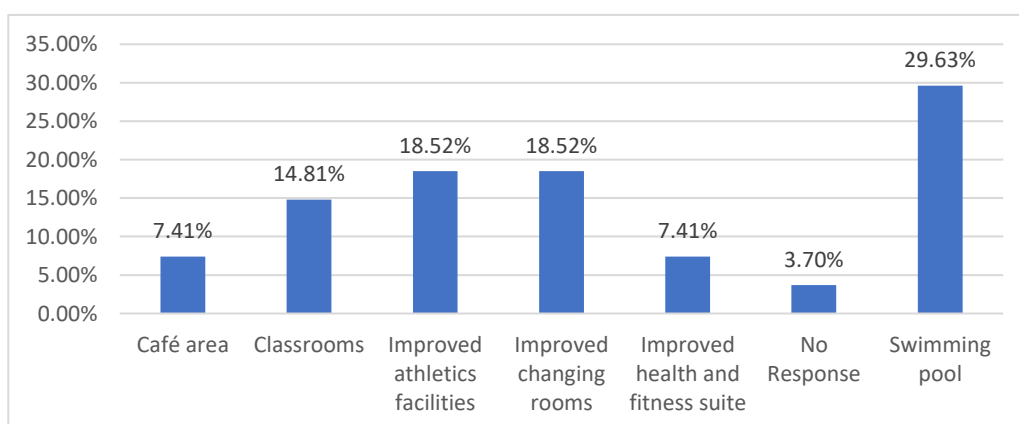
Table 1 – Frequency of School Use from Survey Respondents



71% of schools that responded wanted to use the facility for events, despite some not currently engaging with the site at all. Of these non-users, 43% expressed an interest in using the athletics track and 29% wanted access to an indoor athletics track.

When asked what additional facilities were needed at the site 29.6% of respondents wanted to see swimming pool, while 18.5% wanted to see improved changing rooms and improved athletics track facility, full breakdown below.

Table 2 – New Facility Suggestions from Survey Feedback



71% of users felt that there were adequate parking facilities on site.

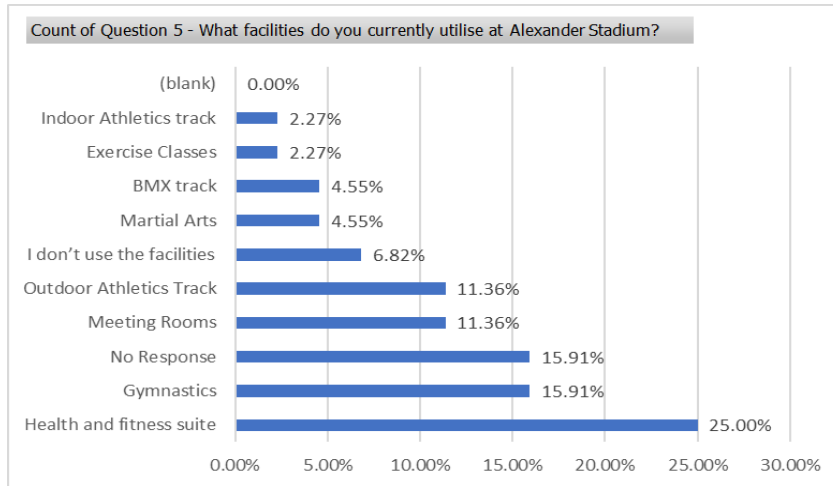
7% of respondents felt the stadium was too expensive for schools to hire.

Separately a resident's survey was conducted for the Perry Barr ward which yielded 75 responses. Nearly 40% of respondents lived within 1 mile of the stadium, 45% lived within 3

miles and the remaining lived within 8 miles of the site.

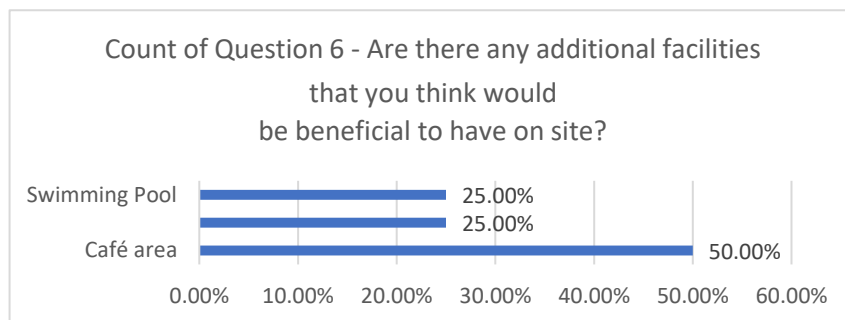
25% of these respondents used the stadium predominantly for Health and Fitness, while 16% used it for gymnastics. The full breakdown of usage is shown below in table 3.

Table 3 – Residents Usage of the Stadium



When asked what additional facilities would attract them to the stadium 50% wanted to see a café area and 25% wanted a swimming pool and/or conferencing facilities.

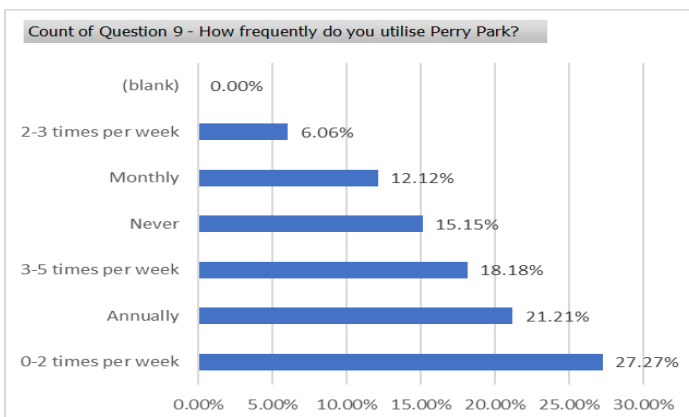
Table 4 –
Facility
for the



Residents
Aspirations
Stadium

Residents were also asked how frequently they used Perry Park, and 27% of respondents used the park 1-2 times a week, 21% used it annually while 18% used it 3-5 times a week.

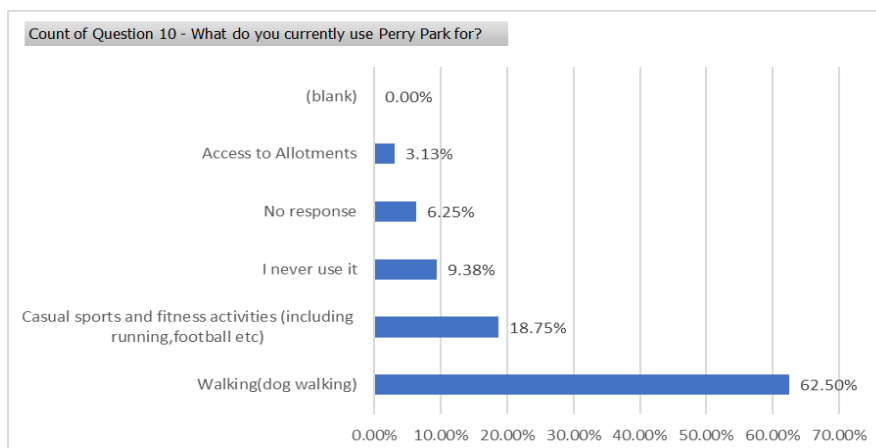
Table
Perry



5 – Frequency of Residents Use of
Park

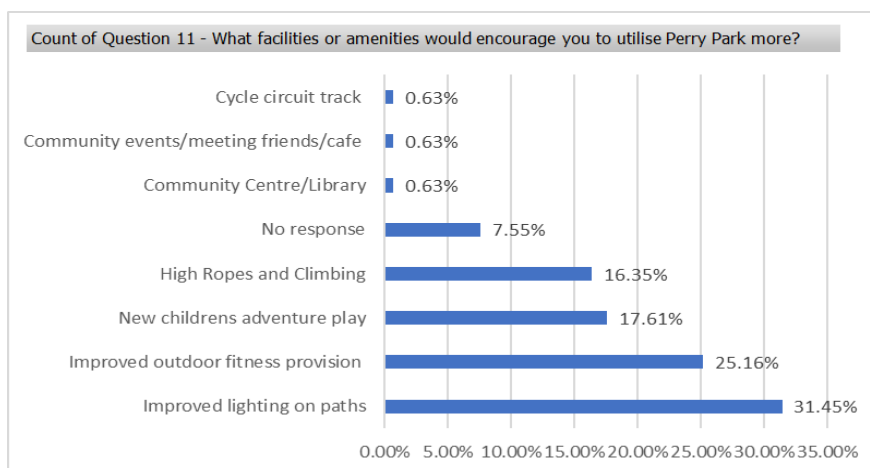
Over 62% of residents surveyed use Perry Park for walking and activities while nearly 19% used it for casual sports and fitness activities.

Table 6 – Residents Use of Perry Park



When asked what would encourage further usage of the park, more than 31% of residents wanted improved lighting on foot paths, over 25% wanted improved provision for outdoor fitness while nearly 18% wanted new children's play.

Table 7 – Residents Facility Aspiration for the Park



Within the wider stakeholder engagement process there was an appreciation amongst participants that athletics alone would not provide a sustainable option in legacy mode. Extending the facility mix to attract other sports was felt to be key, for instance using the infield for ladies' football or premier rugby clubs. The site should be multi-functional¹.

The three main events that currently take place at the Stadium are; The Diamond League (just under 9,000 spectators), English Schools and British Championships (max 8,000 spectators). This is significantly lower than the proposed capacity of the stadium in legacy mode.

Wi-Fi should be provided for at the stadium to improve customer experience on a day to day and event basis.

Car parking on the Alexander Stadium site for events is inadequate and post games a better solution is required.

There is a general perception by the local residents of Perry Barr that the site is not for them to use. Therefore, the general public do not engage much with the site. This mind-set needs to change.

Consideration should be given to the public use of open space in the wider Perry Park.

¹ This section on has been extracted from The Sports Consultancy OBC Report, however we are unable to verify the source of each statement

APPENDIX

Improvements to Perry Park are key to drawing in new users. Investments should be considered that join up the park and the stadium complex. For example, hosting Park Runs with runners spending time (and money) in the stadium café afterwards. Consideration should also be given to providing outdoor gym equipment, toilet facilities, improved paths, lighting and signage. Better links to Perry Hall park also needs to be considered, especially once the games transport changes are known

The findings of the stakeholder engagement overall support the aims of BCC to establish the core vision for the site and to redevelop the site in preparations for the CWG.

The facility upgrades and developments as part of the phase 1 works will inevitably attract a wider range of audiences that will include the schools and local user groups who will want to feel part of the games legacy by going behind the scenes at a CWG venue and having the kudos of using those facilities as part of their day to day activities.

G5. BENEFITS REGISTER

For major projects and programmes over £20m, this sets out in more detail the planned benefits. Benefits should be monetised where it is proportionate and possible to do so, to support the calculation of a BCR and NPSV (please adapt this template as appropriate)

Measure	Annual value	Start date	Impact
<i>List at least one measure associated with each of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
(a) Monetised benefits:	£		
Delivery of the Common Wealth Games athletics competition, Open and Closing Ceremonies at the Stadium	£390m	2022	PWC estimate that the full GVA benefit of the Hosting the Games for City of Birmingham. Ensure the delivery of the city commitment to host the Commonwealth Games.
Deliver new 1000m2 lettable space to contribute towards financial sustainability	£100k	2022	Income projections within the FBC. Improved rental income to support the sustainability of the stadium
Deliver new 2,100m2 space for Birmingham University to relocate their sports science faculty/campus	£105k	2022	Income assumed. Improved usage of the site, increased participation in health and fitness activity, better cross utilisation of space from new user groups associated with the University. Support the increase in student enrolments from 400 to 1000
(b) Other quantified benefits:			
Creation of employment opportunities			Improve employment opportunities directly and within the supply chain pre and post Games
Unlock the current BCU site for redevelopment			The relocation of the BCU to the stadium site will unlock their current site for investment and regeneration in line with the Councils Local Plan
Improve sports participation and physical activity to improve the health of the communities			Improve the demographic data on obesity, social deprivation, death rates etc in the City
Creation of 1,400 homes post Games			Contribute towards the delivery of the Councils housing requirements
(c) Non-quantified benefits:	n/a		
Improved sense of city pride in the delivery of the Games and the Legacy facilities available at the Stadium			

APPENDIX

Other Attachments <i>provide as appropriate</i>	