

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title	LEGACY DEVELOPMENTS FOLLOWING THE COMMONWEALTH GAMES AT ALEXANDER STADIUM COMPLEX, PERRY BARR		
Voyager Code			
Portfolio / Committee		Directorate	City Operations
Approved by Project Sponsor	Rob James, Strategic Director, City Operations	Approved by Finance Business Partner	Guy Olivant

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

The Outline Business Case (OBC) for the legacy development of the Stadium was approved by Cabinet in February 2020 and described the opportunities to maximise the Games investment along with the regeneration of Perry Park.

An FBC for the redevelopment of the Stadium was approved in 2019 and the pre-Games element of the project completed in time for hosting Commonwealth Games events in July and August 2022.

A3. Project Description

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

Post-Games, the continued success of the Stadium and its parkland setting require further capital investment to ensure this asset attracts a new range of users to create a lasting and sustainable positive legacy for the local community, the city, partners and visitors.

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

- Opportunities to further develop and enhance the offer of Alexander Stadium and the wider Perry Park following the Games;
- Creating user-based facilities that attract a range of tenants and partners to the site who will support the delivery of the legacy business plan

- The development of the Park to include a variety of additional facilities which will attract greater use by the whole community by investing in natural spaces and physical structures which may allow for the creation of a café and visitors centre, along with improvements to the setting aligned to Sport England's Active Environments philosophy;
- The enhancement of the offering within the Stadium Complex to broaden its appeal as a location for elite and organised sport, both for training and for hosting events, particularly, but not limited to, athletics.

A4. Scope

The scope of the project is:

- to deliver post-Commonwealth Games reinstatement of the Alexander Stadium (AXS) to meet previously approved planning commitments;
- to develop the Stadium Complex to support its extended operation with strategically-aligned tenants and a multi-sport approach;
- to develop further the facilities and services offered within Perry Park and to enhance its infrastructure for the benefit of the local community.

The specific deliverables which align with this scope are shown below in section B2.

A5. Scope Exclusions

There are two notable exclusions from the project scope:

- The Walsall Road Allotments are excluded from any consideration under these proposals and are therefore safeguarded
- The removal of the Games-time Transport Mall and associated reinstatement of the Park in accordance with Planning Conditions being carried out by the Commonwealth Games Organising Committee at its cost. A study carried out by the Council set out the planning, strategic and technical reasons why this temporary overlay should not be retained.

B. STRATEGIC CASE

B1. Project Objectives and Outcomes

The project objectives were developed by the project team, shared and approved in the OBC and are set out below. Developing the Stadium and Perry Park following the Commonwealth Games is planned to generate:

- An increase in physical activity participation;
- Improved community engagement with the facilities and the Park;
- Widening the use of the site by residents and visitors;
- Provision of an increased sports offer for the community;
- Ensuring the Stadium continues to operate within its pre-redevelopment revenue budget.

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

The essential requirements for this legacy phase include development of additional facilities that provide an attractive offer that will leverage return on capital employed, enhance the wellbeing of the local community and deliver a financially-sustainable future.

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

The relocation of the Birmingham City University (BCU) sports science faculty to the Stadium complex will bring increased footfall, academic learning and additional complementary sports-related outputs and activities. Integrating BCU into the Stadium site on the right commercial deal will benefit the wider community and will therefore be a key element to delivering successful project outcomes. Negotiations to agree the Heads of Terms are currently in progress.

A key objective is for the Stadium to be financially viable in the period following the Games. A significant part of this strategy has been to maximise the Stadium's tenancies without undermining its status as a world class athletics and sports venue. In addition to BCU, BCC has entered into negotiations with other potential tenants and licence holders, all of whom would broaden the appeal of the Stadium and contribute to the overall running costs. Capital works are required to adapt the Stadium (West Stand and Gym / Martial Arts and High-Performance Centres) to accommodate these new tenancies.

The current list of target tenants includes the following (NB - these negotiations may not conclude in successful tenancies and others may be added in future): Birchfield Harriers (BH), UK Athletics (UKA), Sport Birmingham (SB), Corporate & Sporting Events Management (CSE), Midlands Hurricanes RFL (MH), England Volleyball (EV) and University Campus of Football Business (UCFB).

Market analysis has been carried out to inform how to balance commercial and community needs and aspirations, whilst also retaining the core purpose of the Stadium as the country's premier elite athletics stadium.

Policy Fit

All the above outcomes and their benefits will play a significant role in facilitating and contributing to the wider regeneration of Perry Barr and the City of Birmingham. These are set out in **Error!**

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The project features as a key element in the Commonwealth Games Legacy Plan and is the key location in support of Birmingham's 10-year Major Sporting Events Strategy. In the Legacy Plan, the Vision for the Stadium states "At the heart of the Perry Barr community, the Alexander Stadium complex will be a regionally significant multi-purpose stadium that builds on the momentum, energy, promise and possibility of the 2022 Commonwealth Games. Located within Perry Park, it will enable health and wellbeing through a diverse, accessible and inclusive programme of activity."

Developing the Park will also contribute to key pillars of the Legacy Plan for making Birmingham a "Thriving City", a "Healthy City" and a "Green Growth City". The future plans will ensure that the developed design aligns with these aspirations.

Policy	Strategic Alignment
City Council Plan (2018-2022)	The project supports the following objectives in the City Council's Plan:

	<ul style="list-style-type: none"> Birmingham is a great, clean and green city to live in', particularly 'improve the environment and tackle air pollution. Birmingham residents gain the maximum benefit from hosting the Commonwealth Games. Birmingham is a city that takes a leading role in tackling climate change.
Delivering a bold legacy for Birmingham	<p>The Host City legacy plan sets out ambitions to:</p> <ul style="list-style-type: none"> Boost investment in Birmingham, creating thousands of jobs and become a world-leader in hosting international events. Build programmes and community projects to kickstart an accessible fitness and wellbeing boom. Launch green growth through high-quality sports facilities, new sustainable homes and green transport links to become a carbon neutral city by 2030. <p>This project supports the delivery of these ambitions by providing a destination for events, high-quality sports facilities and programmes of activity, which will support sustainable growth.</p>
Major Sporting Events Strategy	<p>The strategy sets out how Birmingham will host major sporting events which deliver impact for the city. This project delivers the venue which is central to delivering this ambition.</p> <p>Plans and bids are progressing that would secure future European and World Athletic Championships.</p>
Birmingham's Local Plan (elements below)	
<u>Birmingham Development Plan</u> - This sets out how to deliver sustainable growth to 2031.	<p>The FBC is consistent with the following policies:</p> <ul style="list-style-type: none"> PG2 and TP25 promote Birmingham as an international city and reinforce its role as a centre for tourism, culture and events; TP7 and TP8 maintain and expand the city's green infrastructure network and enhance the natural environment; TP9 and TP11 support provision of facilities for formal and informal activities that contribute to healthier lifestyles; TP27 requirements for sustainable neighbourhoods include attractive, safe and multifunctional public spaces such as squares, parks and other green spaces for social activities, recreation and wildlife; TP38 – TP41 seek to deliver a sustainable transport network with an emphasis on active travel.
<u>Perry Barr 2040: A Vision for Legacy</u> - Adopted in February 2022 to guide regeneration in the area over the next two decades.	<p>The FBC is consistent with the following:</p> <ul style="list-style-type: none"> The Masterplan objectives, including: "Embrace the scale of opportunity at Alexander Stadium and Perry Barr to deliver ambitious change which reflects the area's role at the heart of the Games

	<p>and realises benefits for all”; and “Prioritise parks and public spaces to enhance biodiversity and create a joined-up green network which supports physical and mental wellbeing”;</p> <ul style="list-style-type: none"> • The Place Principles, including “make a green, sustainable place”, “nurture a healthy community”, and “promote a thriving Perry Barr”; • Proposals which enhance Perry Park for the future, create a sustainable Alexander Stadium complex and enhance and connect with surrounding areas.
<p><u>3Bs Neighbourhood Plan</u> - forms part of the City's local development plan, and seeks to create a clean, attractive, green area with easy access to a high-quality natural environment including extensive parks, waterways and open spaces.</p>	<p>The FBC is consistent with the following Community Objectives:</p> <ul style="list-style-type: none"> • 1: Designated parks will be protected and enhanced. All development (in particular at Perry Park related to the Commonwealth Games) will improve the quality of these important community assets; • 2: Connections between the wide variety of green spaces will be improved by creating green connections, whilst supporting nature conservation and improving biodiversity. This will improve accessibility for exercise and leisure to these important open spaces. • 3: Accessibility to and visibility of the waterways that run through the area will be improved to provide more opportunities for exercise and leisure. • 7: Development of improved facilities for the Commonwealth Games should also provide long-term benefit to local people in terms of environmental improvements and public realm and continued public access. <p>The project supports Neighbourhood Plan Policies 3 (Improving the Parks), 5 (Improving green and blue connections) and 7 (Improving biodiversity).</p>
<p><u>Other planning policy</u></p>	<p>The FBC is also consistent with the following:</p> <ul style="list-style-type: none"> • Nature Conservation Strategy for Birmingham • Parks and Open Spaces Strategy • Sustainable Management of Urban Rivers and Floodplains SPD
<p>Birmingham Transport Plan (2021) guides investment in transport.</p>	<p>The FBC aligns particularly with the following objectives:</p> <ul style="list-style-type: none"> • Reduce transport's damaging impact on the environment, supporting Birmingham's commitment to becoming a carbon neutral city by 2030. • Reconnect communities by prioritising people over cars.

Birmingham Business Charter for Social Responsibility (BBC4SR)

The requirements of the Birmingham Business Charter for Social Responsibility are mandatory and form part of the terms and conditions for any contract awarded in accordance with the Council's policy and will include the payment of the Real Living Wage.

This will provide opportunities to support the Perry Barr ward and surrounding areas through:

- The creation of jobs, apprenticeships, work experience graduate placements;
- Training opportunities;
- Supply chain opportunities for local businesses, small and medium enterprises and social enterprises;
- Support for local community projects advertised on matchmyproject.org.

This has been demonstrated successfully in the project to develop the Stadium for Games-time use and will be maintained for the legacy development.

B2. Project Deliverables

This FBC supports the investment in the following range of uses on Alexander Stadium site and in Perry Park. The project proposes to deliver its scope through a series of workstreams (table below).

Whilst the capital works are being undertaken, areas of the Stadium and Park which are not under construction will gradually re-open for public use.

Workstream	Scope
1. Reinstatement of the AXS: (a) to meet planning requirements (b) to complete outstanding capital works	<ul style="list-style-type: none"> • Deliver Alexander Stadium planning obligations, e.g. external works to remove North Plaza, adjust field of play lighting, landscaping, reduction of Athletes Road, installation of secure fence lines, and planting. • Review elements that potentially conflict with other workstreams
2. Internal Spaces - West Stand & East Stand	<ul style="list-style-type: none"> • Readying spaces in the West and East Stands for future tenancy operations • Finalise operational and event spaces: Reception, Lounge, Offices, Boardrooms, Boxes, Function Room, Bar, Kitchens
3. Extension of the Gymnasium and Martial Arts Centre (GMAC) and improvements to the High Performance Centre (HPC)	<ul style="list-style-type: none"> • Accommodating elite sport provision in the HPC; relocation of the public gym to the GMAC with the inclusion of studios and creating new changing rooms for the warm-up track
4. Enhancement of Stadium Complex	<ul style="list-style-type: none"> • Includes enhancements to main track and to the warm-up track infield (converted to a 3G artificial surface); provision for future tenancies
5. Perry Park Legacy	<ul style="list-style-type: none"> • Masterplan that builds upon Perry Barr 2040 Masterplan • Delivers BCC priorities including new physical activity installations/external play facilities for people of all ages in the Park, park infrastructure such as café and toilets; delivery of new cycle and running pathways around the Park linked to the city cycle network

There is an additional workstream, under which BCC will install the internal fit-out in the High-Performance Centre on behalf of the proposed tenant, according to its design specifications. A funding agreement will be put in place between BCC and the tenant governing the transfer of money to pay for this work, to a cost plan agreed with the BCC project team and its contractor. The tenant will be responsible for risk in this workstream; BCC will act only as delivery vehicle.

Workstreams 1, 2 and 4 currently have fully identified scope and have a design developed to an advanced stage. Workstream 1 also has an approved planning consent as it consists of reinstating part of the pre-Games design and therefore was part of the planning submission. Planning consent will be required for Workstreams 2 and 4.

Workstreams 3 and 5 require further refinement of detailed design and consultation with key stakeholders, including future tenants, and will be subject of a future planning submission.

B3. Project Benefits

Measure	Impact
<ul style="list-style-type: none"> Increase in physical activity participation 	<ul style="list-style-type: none"> Relevant and demand-led facilities which provide quality community infrastructure; Programming of services that meet the needs of the community at price points that remove barriers to engagement; <p>Measures: levels of uptake in physical activity services, location of the users and user satisfaction via surveys</p>
<ul style="list-style-type: none"> Improved community engagement with the facilities and the Park 	<ul style="list-style-type: none"> Providing facilities for community groups and residents to gather and maximise footfall in the Park, including but not limited to a café, a visitors centre etc; Creating space to contemplate and relax; Providing facilities for fitness and natural activities including running, cycling and other informal sports <p>Measures: levels in all facilities (leisure and sport) assessed by footfall; revenues earned in café etc; user satisfaction via surveys</p>
<ul style="list-style-type: none"> Widen the use of the site by residents and visitors 	<ul style="list-style-type: none"> Making the place safer; Linking facilities to the wider cycle network; Creation of linkages with the canal towpath; Opening up the stadium to the community through pricing options; Providing improved accessibility to the site; Providing sign-posts to activities that are relevant to the community Providing a diverse range of activities on site for all ages and abilities <p>Measures: surveys of users to identify their locations, the range of distance travelled to the</p>

	Stadium and Park and the services and / or facilities used
<ul style="list-style-type: none"> Provision of increased sports offer for the community 	<ul style="list-style-type: none"> Delivery of new / enhancing existing facilities Creating linkages and events with BCU Doug Ellis Centre and Holford Drive Community Sports Hub Attract tenants who commit to delivering legacy benefits with the stadium with varied sports offerings and encourage existing tenants to extend uses of the facilities to new sports <p>Measures: types of sport on offer across the site and at what levels (schools, junior, community, elite)</p>
<ul style="list-style-type: none"> Ensuring the Stadium continues to operate within its pre-redevelopment revenue budget 	<ul style="list-style-type: none"> Improved rental income to support the sustainability of the stadium, through enhanced offering for elite performance, the creation of an international athletics venue and an expanded events programme; Increased rental concessions in the park; Efficient operating model which keeps cost base down despite the bigger footfall of the site and increased maintenance burden; Building design with reduced running costs; <p>Measures: management accounts for the Stadium and Park, showing revenue and expenditure</p>

B4. Benefits Realisation Plan

Benefits will be delivered in a phased manner, as the different stages of the project complete their capital works, the earliest of these happening in Q1 2023 as initial reinstatement is finished (Workstream 1). The planned benefits will be delivered by ensuring:

- Early engagement with contractors will be undertaken to ensure the scope can be delivered within the timescales;
- The contract award for detailed design will mitigate cost and time risks;
- A robust governance structure has been established to monitor progress and manage dependencies, risks and issues, as they arise. Clear tolerance and escalation levels are set to ensure issues are identified and managed in a timely manner;
- Post implementation reviews will be carried out after each phase has completed.

B5. Stakeholders

A comprehensive programme of Stakeholder Engagement activity took place to support the project which delivered the Stadium for the Commonwealth Games. This will continue up to and during the works to develop the Stadium and Park legacy.

The majority of stakeholders remain the same for the later phase of works, particularly the community groups which have an interest in how the wider Park is developed to offer more facilities

for local residents and users (see section G4). These stakeholder groups remain actively engaged with the project and will form part of any formal consultation process once planning consent is being sought. These will involve all impacted Ward Councillors.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

C1. Summary of options reviewed at Outline Business Case

The options considered in the Options Appraisal of the approved OBC were:

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

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

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

NB – since the OBC was approved, the decision was taken to retain the Beeches Pool and Fitness Centre, so this no longer factors in this option. It will continue to operate and provide swimming facilities under the 15-year contract agreed in 2016 with Birmingham Community Leisure Trust, which has invested in refurbishing the pool in the last 5 years.

Reason for preferred option – The option that provides the optimum balance between the capital costs, net operating costs and against the social and economic value impact would be a revised Option 3 (noting that this no longer includes the wet leisure facility, with the retention of Beeches Pool). This provides:

- a comprehensive solution for a substantial fitness facility which meets requirements for the local community and improves the revenue position;
- improved facilities that will attract a range of strategically important tenants to the site to support the delivery of the legacy business plan
- inward public investment into the community;
- demand-led facilities;
- creation of varied and interesting facilities and programmes that will encourage the community to want to engage and participate;
- the chance to bring back into use a park with a visitor centre, linkages with the Perry Reservoir and the canal system.

The impact of not delivering the project – The works to configure the Alexander Stadium to host the Commonwealth Games do not leave a complex optimised for legacy operation. The reinstatement and other capital works described above will provide the facilities to service the current and future tenants and users to the site effectively. Not delivering the changes to the Park would also compromise key aspects of the regeneration of the Perry Barr area.

The project team has considered which if any of the temporary Games overlay may be usefully retained and has sought to limit the removal of overlay works to those elements deemed not to serve a future purpose. This includes parts of the north and south plazas. Where a change to the

planning consent may be required, this will be sought as part of the project's planning submissions. As noted in Section A5, the Transport Mall is being reinstated to parkland.

C2. Evaluation of key risks and issues

The project risk register is included in **Appendix D**.

The key strategic risks affecting the project at this point are as follows:

- The condition of the Stadium following handback from the Organising Committee requires greater than planned reinstatement works, impacting programme and budget
- Pre-Games scope issues (e.g. snagging, deferred works) are not resolved, causing scope, programme and budget issues
- The procurement of key pieces of work, including the advisory team and the contractor(s) cause delay to the programme
- Perry Park Masterplan and design development is delayed, impacting decisions for AXS reinstatement and enhancements
- Key roles in the project team are not filled in a timely manner, causing delays in managing the project, driving through operations and recruiting the team
- Funding streams place constraints / requirements on the project in return for the funding, impacting design and / or operation
- Tenant operational requirements may be in conflict, requiring additional capital works to alleviate them, impacting budgets and programme
- A successful European Athletics Championships 2026 bid may require design changes after capital works are underway or are even completed
- Inflation risks impacting construction materials costs

C3. Other impacts of the preferred option

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

- Increased ongoing rental streams from the new and existing tenants;
- Increased footfall to the site from BCU students and new user groups;
- Enhanced reputation for elite sports provision through the development of the High Performance Centre and the reputation of the Stadium as a world class venue;
- Increased usage from the proposed provision of a new sports and leisure facility on site;
- Improved access to sport and physical activity for the local community from the range of services, some of which will be free to use or discounted for concession card holders;
- Improved access to the stadium facilities through pricing and programming;
- Potential for the venue to be used for additional events, e.g. concerts;
- Improved signposting and access to the site which was previously difficult to navigate.

D. COMMERCIAL CASE

D1. Partnership, joint venture and accountable body working

N/A

D2. Procurement implications and Contract Strategy

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

The areas which require a procurement process are:

- Reinstatement Works

This requirement is for the works to reinstate from Games mode to an operational site. Cabinet was advised of the procurement strategy for the reinstatement works in the Planned Procurement Activity report dated 11th May 2021 to enter into single contractor negotiations with McLaughlin & Harvey Construction Ltd.

- Technical Professional Services for the reinstatement and legacy works

Cabinet was advised of the procurement strategy for professional services to support the reinstatement works in the Planned Procurement Activity report dated 22nd July 2022.

- Legacy Works

This is for the works to the site to meet the legacy requirements as detailed in the FBC (above). The procurement route will be to use a compliant framework agreement in the first instance and to undertake either a further competition exercise or a direct award, in accordance with its protocol. In the event that the framework route is not the most suitable option, a procurement exercise will be undertaken advertised on Find a Tender, Contracts Finder and www.finditinbirmingham.com.

- Operational Services

- Facilities Management

Following the capital investment, the Stadium Complex requires a facilities management (FM) service to maintain the site throughout the life of the asset to the level consistent with standards for a major stadium. Historically, a statutory-only FM service has been undertaken by Acivico. However, with the increased level of tenants and users with the potential for additional events, there is an opportunity to specify and deliver an enhanced level of service, in line with the SFG20 standard delivered temporarily during the Commonwealth Games.

The procurement route will be to use a compliant framework agreement in the first instance undertaking either a further competition exercise or a direct award in accordance with its protocol. In the event of the framework route not being the most suitable option and does not demonstrate best value, a procurement exercise will be undertaken advertised on Find a Tender, Contracts Finder and www.finditinbirmingham.com.

- Catering

A range of catering services within the Stadium Complex is required to be provided which will be in line with a world-class venue. The service will provide a daytime catering offer for the multiple conference, meeting and event spaces, as well as an evening offer for functions such as dinners, award ceremonies, parties and themed functions. There will also have to be the provision of access to the built-in concession units to sell food and drink during spectator-led events.

The contract will be a for a concession awarded in accordance with the Concession Regulations 2016 and a procurement exercise will be undertaken advertised on Find a Tender, Contracts Finder and www.finditinbirmingham.com.

D3. Staffing and TUPE implications

There are no TUPE implications with this project.

The Target Operating Model which has been developed to support the long-term functioning of the Stadium contains proposals for staffing the team in the post-Games period.

A separate service redesign paper has been developed with the BCC HR team to take to the Trades Unions, setting out the rationale for an increase in the staffing levels at the stadium to meet the new size and scale / diversity of skills needed to make a success of the stadium in legacy. Once agreed, recruitment will start for additional members of the commercial, front-of-house and grounds teams.

E. FINANCIAL CASE

E1. Financial implications and funding

The identified capital investment identified to deliver this project amounts to £21.432m, including those elements included within the Stadium Redevelopment FBC, but planned to be delivered post-Games. The following table sets out total anticipated costs and funding sources for the works.

		2022/23 £'000	2023/24 £'000	Total £'000
Capital Investment				
Workstream 1	Planned Reinstatement works	4,075		4,075
	Works deferred from pre-Games Programme	1,185		1,185
Workstream 2	Internal Spaces	3,574		3,574
Workstream 3	GMAC & HPC	2,000	2,060	4,060
Workstream 4	Enhancement of Stadium Complex	4,546		4,546
Workstream 5	Perry Park Legacy		2,492	2,492
Tenant-Funded Works	HPC Tenant Fit-Out	1,500		1,500
Total Capital Investment		16,881	4,552	21,432
Capital Financing				
Stadium Redevelopment	Previously approved as part of CWG	(4,629)		(4,629)
CWG	Residual Capital Contingency / Underspends	(6,607)		(6,607)
Corporate Capital Resources (Capital receipts)	Identified in OBC – Approved Feb 2020	(2,145)	(2,855)	(5,000)

APPENDIX 1

CIL	Identified in OBC – Approved Feb 2020		(500)	(500)
External Grants & Contributions		(2,000)	(1,197)	(3,197)
Tenant Works Contribution		1,500		
Total Capital Financing		(16,881)	(4,552)	(21,432)

Whilst there will inevitably be a transitional period whilst this project is completed, during which time revenue costs and income will be distorted, a detailed Target Operating Model (TOM) has been developed that demonstrates the longer-term financial viability of the Stadium complex following completion of this project.

The following table sets out a comparison between the current approved budget and steady state TOM requirement (both base case and best case options), showing a small anticipated ongoing revenue saving of between £0.1m and £0.3m per annum.

	Current Budget £'000	Base Case £'000	Best Case £'000
External Income	(923)	(2,133)	(2,352)
Staffing Costs	1,018	1,524	1,524
Other Operating Costs	1,407	1,696	1,696
Financing Costs	651	988	988
Net Operating Cost	2,153	2,075	1,856

E2. Evaluation and comment on financial implications

Whilst the capital investment requirements have not yet been exposed to a competitive procurement process, it is anticipated that it will be possible to identify a range of “value engineering” opportunities to help to de-risk capital financing requirements.

The majority of identified capital financing sources have already been secured subject to approval of this FBC, with the exception of the external grants and contributions, amounting to £3.332m in total. Positive discussions are under way with a number of funders. In the event that this funding is not fully realised, it will be possible to ensure that the overall project remains fully-funded and deliverable without increasing the financial burden on the Council through a review of detailed scope elements for the wider legacy proposals.

The long-term TOM provides a robust baseline to demonstrate the long-term financial viability of the Stadium complex, based on a cautious assessment of future commercial opportunities and future tenancy agreements. Whilst there are a number of risks to some elements of the anticipated costs of operating the Stadium (in particular relating to inflation, including utility costs), the Stadium is designed to be as energy efficient as possible and it is likely that substantial elements of income generated will increase over time in line with cost increases.

E3. Approach to optimism bias and provision of contingency

The identified capital investment requirements for each workstream as set out in section E1, whilst having not yet been exposed to any competitive tender process, are calculated on a prudent basis and include allowances for both inflation and a proportionate level of contingency taking account of the nature of works to be undertaken. In the event that additional cost pressures emerge, opportunities will be explored to seek additional external funding or to crystallise any savings that may be possible through value-engineering, without undermining the future use or efficiency of the Stadium and Perry Park.

E4. Taxation

The FBC has been developed on the assumption that the current in-house operating model and VAT recovery status of the Stadium remain unchanged and in particular all costs and income are stated net of recoverable VAT.

There may be opportunities in the future to consider alternative models for the operation of the Stadium in particular (for example through a charitable trust), which may present an opportunity to secure savings through mandatory NNDR relief and other beneficial tax treatments. This opportunity does however present some commercial challenges, particularly in the short term as this project is delivered and the longer term operation of the Stadium “bedded in”. It is therefore not considered appropriate to pursue alternative delivery models at this time.

F. PROJECT MANAGEMENT CASE

F1. Key Project Milestones	Planned Delivery Dates
FBC approval	October 2022
Handback of Stadium from Organising Committee NB - Handback of public areas of the Stadium has commenced and the Gymnastics and Martial Arts Centre reopened on 20 September. Other areas (e.g. High-Performance Centres and warm-up track) will reopen once condition surveys and remedial works have been completed. It is anticipated that this will be prior to the full handback date of the site.	November 2022
Workstream 1	
Contract award	October 2022
Construction starts	November 2022
Workstream 2	
Design complete	September 2022
Contract award	November 2022
Construction starts	December 2022
Construction complete	March 2023
Stadium operations commence in the completed areas	April 2023
Workstreams 3 & 4	
Design complete	December 2022
Planning submission (also Workstream 5)	January 2023
Planning approvals	April 2023
Contract award	March 2023

Construction starts	April 2023
Construction complete	December 2023
Operations commence in completed areas	January 2024
Workstream 5	
Design complete	February 2023
Contract award	June 2023
Construction starts	July 2023
Construction complete	May 2024
Full Park operations can commence in new developments	May 2024

The BCC Project Team recognises that the achievement of the programme and these milestones is subject to validation by the contractors once they have been procured. This is therefore not a baselined position.

Note that the operational ready dates in the table above relate only to those areas of the Stadium Complex and Park which have been under construction; other areas will be able to operate whilst the capital works are underway.

F2. Achievability

This project will be delivered as a follow-on to the successful Stadium Redevelopment project that was delivered on time and within the £72m budget to support the Commonwealth Games, for which the Stadium was a key venue in July and August 2022. The Project will be delivered as a single project with a number of contributing workstreams, overseen by a dedicated project board as set out in section F5.

The project will be managed in accordance with the City Council's Standing Orders, Financial Regulations and Governance Arrangements as set out in the Council's Constitution. The Delivery Team within the City Operations will take the lead for the project.

The Council has a successful track record of delivering works similar to those included within each individual workstream of this project (including the Games-time project), and will utilise the full range of suitably skilled and experienced individuals within the council, complemented by additional external expert support where needed, to ensure the successful delivery of the project.

F3. Dependencies on other projects or activities

The legacy project is dependent upon and has interfaces with the following:

- The handback of the Stadium from the Birmingham 2022 Organising Committee to the standards contained in the Venue Use Agreement;
- The development of relevant key milestones within the Perry Barr 2040 Masterplan: A Vision for Legacy as they impact Perry Park;
- Confirmation of funding;
- Securing Catering and Facilities Management Contractors
- Confirmation of the staffing structure and its adoption, including appointment of key leadership roles
- Finalisation of key tenancies

F4. Officer support

Project Manager:	Dave Wagg Strategic Sport Project & Client Manager 0121 464 0939 dave.wagg@birmingham.gov.uk
Project Accountant:	Guy Olivant Major Developments Lead – Development & Commercial Team 0121 303 4752 guy.olivant@birmingham.gov.uk
Project Sponsor:	Rob James Strategic Director of City Operations 0121 303 2047 rob.james@birmingham.gov.uk
F5. Project Management	
<p>A Project Board has been established to oversee the delivery of this project, building on the successful management of the Stadium Redevelopment Project that forms a part of the Commonwealth Games capital programme governance. Membership of the Board has been refreshed to reflect the nature of this project and the Board will be accountable to the Council's Capital Board.</p> <p>The Board will monitor, review, coordinate and share information on common issues impacting on the successful delivery of the capital projects. The Terms of Reference will be regularly updated through the life of the project to set out the function, length of time it will be in operation and how it will be managed.</p> <p>The Project Board will provide reports to the Project Sponsor, BCC Senior Management and the BCC Capital Board on the progress towards completion.</p> <p>The Project Board members include</p> <ul style="list-style-type: none"> • BCC Alexander Stadium Client Lead • Sport England Representative (on behalf of DCMS) • Representation from the following BCC teams: <ul style="list-style-type: none"> ○ Parks ○ Perry Barr 2040 ○ Finance <p>The Board meets monthly to undertake the following functions:</p> <ol style="list-style-type: none"> 1. To oversee the legacy project and ensure that appropriate control and accountability measures are in place. 2. To receive reports and monitor progress on the various elements of the legacy project. 3. To monitor the key dates and milestones in the programme and ensure the project is delivered to the agreed timescale. 4. To monitor the budget to ensure it is delivered with the funding available. 5. To consider risks and mitigation measures relating to the delivery of the legacy project. 	

6. To ensure integration of the various elements of the legacy project with the Perry Barr 2040 masterplan.
7. To ensure appropriate and timely engagement with statutory and regulatory bodies.
8. To ensure stakeholders are suitably engaged, consulted and kept inform of progress.

G. SUPPORTING INFORMATION

G1. Project Plan

Detailed Project Plan supporting the key milestones in section F1 above

Please refer to **Section F1** of this report for delivery milestones.

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

Please refer to **Appendix D** for the project risk register.

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)

A summary of funding for the delivery of the project is provided in **Section E2** of this report.

G4. Stakeholder Analysis

The table below identifies all of the stakeholders involved in the project outlining their role and significance and how these relationships will be managed throughout the successful delivery of the project.

The table below shows the current stakeholder list and the results of an interest and influence analysis carried out for the pre-Games phase of works. This list will continue to be actively managed and will evolve as the project is delivered.

	Influence	
	High Interest/High Influence	High Interest/Low Influence
	Low Interest/High Influence	Low Interest/Low Influence
Interest	Birmingham City Council – Leader, Deputy Leader, Chief Executive, Cabinet, Opposition leaders Birmingham City Council – Inclusive growth Birmingham City Council – Planning Birmingham City Council – Lead Local Flood Authority Birmingham City Council – Parks Birmingham City Council – Neighbourhoods Birmingham City Council – Commonwealth Games Commonwealth Games Federation Partners Birmingham 2022 Organising Committee Commonwealth Games England The Department for Digital, Culture, Media & Sport World Athletics/International Association of Athletics Federations Commonwealth Games Delivery Partner Sport England UK Athletics Local MPs Ward Councillors Sports Ground Safety Authority West Midlands Police Birchfield Harriers Birmingham City University Greater Birmingham and Solihull Local Enterprise Partnership West Midlands Combined Authority West Midlands Mayor – Andy Street	Transport for West Midlands The Active Wellbeing Society Walsall Road Allotments Friends of Perry Park Birmingham Open Spaces Forum Aston Manor Cricket Club St John the Evangelist Church Holford Drive Community Sports Hub Perry Villas 3B's Neighbourhood Planning Forum Local residents and businesses English Institute of Sport Midland Counties Athletic Association England Athletics Corporate & Sporting Events Management Sport Birmingham Birmingham Crematorium Friends of Perry Hall Park Nechells POD The Athletics Museum Greater Birmingham Chambers of Commerce Local schools, colleges and universities Stadium staff
	Birmingham City Council – Highways Birmingham City Council – Ecology Birmingham City Council – Regulatory Services Birmingham City Council – Landscape Practice Group Birmingham City Council – Conservation Birmingham City Council – Arboriculture Birmingham City Council – Public Health Environment Agency Canal and River Trust Natural England Historic England Highways England West Midlands Fire and Rescue West Midlands Ambulance Service NHS Foundation Trust Utility providers	Midlands Engine Access Birmingham Birmingham BMX Club British Gymnastics Perry Hall Community Association The Ramblers BrumBats Federation of Small Businesses One Stop Shopping Centre Perry Barr Greyhound Stadium England Hockey Other third sector organisations (UCAN)

APPENDIX 1

Other Attachments <i>provide as appropriate</i>	
• Appendix B –	
• Appendix C – Perry Park and Alexander Stadium Masterplan	
• Appendix D – Risk Register	
• Appendix E –	
• Appendix F –	
• Appendix G – Equalities Analysis	
• Appendix H –	
• Exempt Appendix I – Exempt Appendix	

FBC template 2019 02 20



Appendix C of FBC -
Current Site Masterplan