

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: CABINET

Report of: Corporate Director - Place

Date of Decision: 26th June 2018

SUBJECT: COMMONWEALTH GAMES 2022 - ALEXANDER STADIUM OUTLINE BUSINESS CASE

Key Decision: Yes
Relevant Forward Plan Ref: 005144/2018

If not in the Forward Plan: Chief Executive approved
(please "X" box) O&S Chair approved

Relevant Cabinet Member(s): Cllr Ian Ward, Leader of the Council.

Relevant O&S Chair: Cllr Sir Albert Bore - Resources Overview and Scrutiny Committee

Wards affected: Perry Barr

1. Purpose of report:

- 1.1 Alexander Stadium will host the Birmingham 2022 Commonwealth Games opening and closing ceremonies and the athletics competition. To accommodate this, and to provide a lasting, financially sustainable community sports facility post Games, the Council needs to develop a scheme for its redevelopment. This report sets out the approach to be taken in an Outline Business Case (OBC) for the approval of cabinet.
- 1.2 To seek approval to incur expenditure in order to develop the full business case for the Stadium developments for consideration by Cabinet in February 2019.

2. Decision(s) recommended:

That Cabinet:-

- 2.1 Approves the appended OBC for the development of Alexander Stadium as a critical venue for the Commonwealth Games 2022.
- 2.2 Approves expenditure in 2018/19 of £2.66m in order to progress the project to Full Business Case (FBC) stage.
- 2.3 Approves the acceptance of up to £50,000 external grant funding from Sport England to be used for the production of a Masterplan and supporting business plan to inform the design of a sustainable community sports stadia facility.
- 2.4 Authorises the Director of Legal and Democratic Services to negotiate, execute, seal and complete all necessary documents to give effect to the above recommendations.

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3. Consultation

3.1 Internal

Officers in Children and Young People, Economy, Place and Strategic Services as well as Finance and Legal Services have been consulted on the preparation of this report.

During the course of the bidding process for the Games, reports were presented at Cabinet (July, August, November & December 2017) and discussion has taken place at Council. Cross-part briefing sessions have been held for the Group Leaders and a Members' Advisory Board established.

3.2 External

Officers of the Commonwealth Games Federation Partnership along with those of Sport England and UK Athletics are working closely with the Council on the development of Alexander Stadium to meet Commonwealth Games requirements and to provide the Council with a lasting community sports legacy.

4. Compliance Issues:

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

The Council's Vision and Priorities focus on Birmingham being a city of growth where every child, citizen and place matters. The priorities are for Children, Housing, Jobs and Skills and Health. The Birmingham Bid for the Commonwealth Games 2022 maximises the opportunities to align delivery of the City's vision with the vision held by both Government and the Commonwealth Games Federation for the Games and its legacy successes

4.2 Financial Implications

A draft budget has been established within the initial Organising Committee budget for the cost of capital works at Alexander Stadium. A further budget has been provided in the OC budget for temporary 'overlay' works at the Stadium which are for the duration of the Games only (such as temporary stands).

Although it was originally envisaged that contracts would be let by the OC, it is now assumed that the Council will let contracts in its own name with the costs being 'scored' as part of the Council's agreed 25% financial contribution to the OC costs. Although this gives the Council greater control of schedule and cost management, it also means that it would be liable for costs overruns hence effective cost and change control processes will be required.

Up to £3.18m plus contingency has been provided in the OC's budget for 2018/19 to support the development of the Final Business Case for the Stadium re-development during the financial year.

The estimated cost to develop the Full Business Case as shown in the Outline Business Case attached at Appendix 1 is £2.66m, within the £3.18m provided by the OC budget. A breakdown of these costs and further notes can be found in Appendix 1. Full business case development will include establishing the revenue implications of the project.

Specialist advice is being sought on the appropriate way to structure this development to ensure that the Council's tax position is optimised, and this will be reflected within the FBC in due course.

4.3 Legal Implications

Under section 19 of the Local Government act (Miscellaneous Provisions Act) 1976 the Council has the power to provide such recreational facilities as it thinks fit in its area and under Section 111 of the Local Government Act 1972 the Council may do anything which is incidental to the discharge of its functions.

Under Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report, which are within the remit and limits of the general power of competence contained within Sections 2 and 4 of the Localism Act 2011.

4.4 Public Sector Equality Duty

A copy of the Equality Act 2010 – Public Sector Duty statement is appended – Appendix 2. The initial Equalities Analysis, concludes that the project is likely to have a positive impact on the local community by creating better facilities to play sports thus encouraging health and well-being. Given that the project is at development stage, it is too early to confirm the full impact on equalities. Therefore, the initial analysis will be updated by the findings of the public consultation and results appended at the FBC stage.

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

- 5.1 In December 2017 the Commonwealth Games Federation announced Birmingham as the host city for the Commonwealth Games 2022.
- 5.2 A key component of the successful bid and therefore the games programme will be the development of Alexander Stadium. Based in Perry Barr the Stadium will host the opening and closing ceremonies along with the athletics competition, the blue riband event of the Games.
- 5.3 Alexander Stadium currently consists of 12,700 permanent seats housed in 4 stands. The Back Straight Stand built in 2011 with a capacity of 5,000 will remain for the games period. The remaining 3 stands (Knowles, Main & Nelson) will be demolished and rebuilt for the games. The construction of a new stand will increase the permanent capacity post games to 20,000. For the games period temporary structures will be put in to create a 40,000 seat stadium for the opening, closing ceremonies and athletics competition.
- 5.4 In addition to the construction of a new stand, a 400m, 6 lane outdoor practice running track will be permanently housed at the High Performance Centre on site and will form part of the legacy of the games.

- 5.5 Sitting alongside the Stadium are Birmingham High Performance Centre (BHPC) and the Olympic Standard Gymnastics and Martial Arts Centre (GMAC), opened in 2003 and 2009 respectively. These facilities are recognised as fantastic performance and community facilities, regularly used by the city's and region's athletes and engaging thousands of members of the local community each year.
- 5.6 With the recent addition of a new grandstand and office accommodation, the stadium now serves as the administrative home of a number of governing bodies including UK Athletics, English Athletics and the West Midlands English Institute of Sport. The stadium is also home to the nationally and internationally acclaimed Birchfield Harriers Athletics Club and many elite athletes use the venue for training. In terms of events, the athletics schedule centres on high-profile meets including the IAAF Diamond League and the British Athletics Championships.
- 5.7 The stadium is currently operating at a substantial net annual loss (2018/19) and it is critical that redevelopment proposals address this position as part of the legacy of the games. The investment in the Stadium to deliver the Commonwealth Games in 2022 together with a potential externalisation of the management of the venue to a specialist provider will provide greater opportunities to develop a modern and well-equipped regional and community facility that is financially sustainable.
- 5.8 It should be noted that a decision was taken as part of the Council 2018+ budget not to externalise the management of the venue in 2018/19 due to the disruption inevitably caused by the Games redevelopment. A key objective is for the stadium to be financially viable (i.e. in surplus) following the Commonwealth Games. The operation and financing of the Stadium will need to be revisited following the Games.
- 5.9 In order to proceed to a full business case, a design for the development of the stadium has to be established that meets both games mode and legacy mode requirements. The Legacy requirement is for a sustainable community sports facility. The design will need to include a facility mix that provides a financially viable sports stadia facility.
- 5.10 To achieve this design, a master plan for the Stadium linked to the plan for the Athlete's Village and wider local delivery plans including the Perry Barr Neighbourhood Plan is required. This master plan will identify the facility requirements and future uses of the stadium linked to infrastructure requirements including highways and transportation, supported by a detailed business case.
- 5.11 This opportunity went out to tender in May 2018, funded by Sport England, and will be used to appoint a consultant to deliver the master plan supported by a robust business case to inform the design process, following the appointment of the design team.
- 5.12 Further procurements will immediately follow to appoint a Project Management Services Team including Technical Project Director and Quantity Surveyor and a Design Team appointment to deliver the project up to detailed design and subsequent planning submission in March 2019
- 5.13 Until the master planning exercise has been completed and the design progressed there will be no detail on final capital cost and any subsequent revenue implications for the site post games. The timescale for delivering a games-compliant stadium is exceedingly tight and work to progress the scheme to Full Business Case is critical prior to bringing a further report back to Cabinet detailing final design and cost implications.

6. Evaluation of alternative option(s):

6.1 Options were considered as part of the Commonwealth Games bid submission.

7. Reasons for Decision(s):

7.1 This option delivers both the requirements to host a successful Commonwealth Games, in providing the venue for opening and closing ceremonies and the athletics event in addition to developing the Stadium site and providing a lasting financially sustainable community sports legacy.

Signatures

Date

Cabinet Member
Cllr Ian Ward – Leader

Chief Officer
Jacqui Kennedy, Corporate Director - Place

List of Background Documents used to compile this Report:

List of Appendices accompanying this Report (if any):

- 1. CWG Stadium Outline Business Case
- 2. Equality Act 2010 – Public Sector Duty Statement

Report Version Dated