



West Midlands
Combined Authority

WMCA Board

Date	12 January 2024
Report title	European Athletics Championships 2026
Portfolio Lead	Finance - Councillor Bob Sleigh
Accountable Chief Executive	Laura Shoaf, Chief Executive email: laura.shoaf@wmca.org.uk
Accountable Employee	Ed Cox, Executive Director Strategy, Economy & Net Zero email: ed.cox@wmca.org.uk

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Agree to support the continued delivery of the European Athletics Championships 2026 (EAC) through the CWGLEF contribution as agreed by WMCA Board on 17th March and in light of the subsequent changes to the Full Business Case (FBC) agreed at Investment Board on 18th June 2023.
- (2) Agree to the request from Birmingham City Council to repurpose £3m allocated for the Grassroots Sports Programme towards the EAC direct delivery costs, and to note the associated impact on community benefit.
- (3) Agree to support the re-profiling of £4.5m expenditure from 2023-24 into 2024-25 subject to HMG approval. Note that all funds are still required to be spent by 31 March 2025 in line with the terms and conditions set out in the funding agreement between DCMS and WMCA.
- (4) Consider an additional £0.6m of CWGLEF funding generated from underspend within the Sandwell Aquatic programme towards the projected £2.2m shortfall in the current EAC direct delivery budget. (It is noted that this is not in line with the prior directions of the WMCA Board or the process for allocation of underspends agreed by WMCA Board on 17th March 2023 so is outside of officer delegations).

- (5) Note that the proposed joint venture for delivery of the EAC will be between BCC and UK Athletics with no formal legal role for the WMCA which includes no financial underwrite commitment.
- (6) Delegate final sign-off of the CWGLEF funding agreement between BCC and WMCA to the Executive Director of Strategy, Economy and Net Zero in consultation with the WMCA Monitoring Officer and S151 Officer. Any such agreement will reflect the grant conditions imposed on WMCA by DCMS, together with any additional conditions deemed necessary to safeguard WMCA's position.

1. Purpose

- 1.1 In March 2023, WMCA Board allocated £13.7m of the Commonwealth Games Legacy Enhancement Fund (CWGLEF) to Birmingham City Council (BCC) in order to ensure the delivery of the 2026 European Athletics Championships (EAC) at Alexander Stadium as a legacy of the Birmingham 2022 Commonwealth Games. £10.7m was agreed for works to Alexander Stadium and £3m towards delivery of a Grassroots Sports Programme.
- 1.2 As a result of the S114 notice, the Council's current financial circumstances and the views of Commissioners, BCC is now seeking to re-profile the allocated funding across the life cycle of the Fund. They are also seeking to alter the way funding is allocated, with £10m now being invested in the Stadium and £3.7m to be utilised for direct delivery costs for the EAC. The commitment to deliver £3m for grassroots sports will not be delivered from the CWGLEF. BCC is also proposing to mobilise the EAC through a joint venture arrangement with a consortium of partners including UK Athletics.
- 1.3 These are sufficiently significant changes from both the WMCA Board paper on the full CWGLEF approved 17th March 2023 and the original Full Business Case for the EAC programme specifically (agreed at Investment Board on June 19th 2023) to require formal agreement by the WMCA board. In addition, the re-profile of funding will require formal agreement from HMG. Confirmation of regional support for BCC's proposals was provided as a result of discussions at Mayor and Portfolio Leads meeting on 11th November 2023 to allow internal government deadlines to be met. However, WMCA must now formally agree to the re-profile and re-purposing of the £13.7m.
- 1.4 Furthermore, Birmingham City Council are unable to provide their match funding contribution towards the overall EAC event leaving a shortfall of £2.2m in the EAC direct delivery budget. All EAC partners, including the WMCA, are being asked to consider whether they can make further contributions to bridge this gap. The March 2023 Board paper allocated £2m to Sandwell Aquatics to support running cost pressures however the FBC approved on 16th October 2023 Investment Board approved £1.4m with release of £0.6m as underspend. The WMCA has been asked by DCMS to consider whether it might contribute the £0.6m underspend to the EAC shortfall.
- 1.5 WMCA Board should note that failure to secure the £13.7m through the re-profiling mechanism and the additional contributions from partners would seriously jeopardise the delivery of the event.

1.6 These decisions are time-critical as the EAC Board meets on 17th January 2024 to consider the proposed Joint Venture arrangement and should it not be satisfied that funding arrangements are in place it is likely to recommend reconsideration of Birmingham's hosting.

2. Background

2.1 Birmingham City Council (BCC) and UK Athletics (UKA) entered into the Organiser Agreement contract with European Athletics (EA) in November 2022. A request for funding from the CWGLEF administered by the WMCA, with a total value of £13.7m as a contribution to total estimated delivery costs of c.£25m, was subsequently approved by WMCA Board in March 2023. A Full Business Case progressed through the SAF process and was agreed by WMCA Investment Board in June 2023.

2.2 As is the norm for major sporting events, the majority of expenditure would be incurred in the immediate lead-up to the Championships, with only limited expenditure on planning / readiness etc. incurred much more than 12 months in advance of the event itself. To reflect this mismatch between the timing of direct expenditure on the Championships and the availability of CWG Legacy funding, it was agreed that a "resource swap" would be supported, with the Council utilising the investment from the WMCA to fund other (broadly linked) Council expenditure that was planned, with the displaced Council funding then utilised to fund an equivalent value of expenditure relating to the Championships from 1 April 2025. The two key projects that were initially identified for this resource swap were the Alexander Stadium / Perry Park Legacy Investment Project, and a Grassroots Sports Programme.

2.3 As a result of the changing circumstances at BCC with the S114 notice and the arrival of Commissioners, BCC cannot proceed with the event as originally envisaged, and now need to make 3 key changes to their original proposal:

- The delivery of the event via joint venture, which will materially alter BCC's role within the delivery of the EAC.
- A reprofile of funding between financial years which will require formal approval from HMG. Due to the magnitude WMCA would not be able to fulfil the grant condition in the CWGLEF funding agreement with DCMS to spend 30% of the total funding in 2023/24.
- A change to the allocation of funding which will remove £3m of direct funding from the CWGLEF to support the named grassroots sport programme, resulting in c£10m being spent on legacy works to Alexander Stadium and £3.7m on direct delivery costs for the EAC.

2.4 Additional financial information and high-level detail of the proposed UKA-JV arrangements are set out in Appendix 1 (pages 8 and 9 of this report).

- 2.5 In addition to this, there is an additional gap of £2.2m in the wider EAC budget. This is as a result of Birmingham City Council's financial pressures as they are now withdrawing the proposed additional council funding for the EAC. BCC, WMCA, DCMS and UK Sport have been exploring options to close this gap with each considering options to make an additional contribution. The DCMS Secretary of State has clearly stated that Ministers are supportive of keeping the event within Birmingham and the UK as a legacy of the Commonwealth Games. WMCA have been asked to consider using £0.6m of CWGLEF underspend, previously allocated to the Sandwell Aquatics Centre, towards this purpose.
- 2.6 Using CWGLEF underspend in this way would represent an exception to the WMCA Board's decision of March 2023, which agreed that any confirmed underspends from across the CWGLEF be redirected to the Inclusive Communities Grants Fund or Plan for Growth projects subject to these programmes being in a position to utilise additional money effectively.
- 2.7 At the time of drafting, other partners have made nominal commitments to closing the £2.2m gap. BCC has identified a further £670,000 savings from the Alexander Stadium budget and UK Sport have committed £250,000 subject to UKSport's internal approval process. UKSport, as part of their contribution have a number of conditions including needing to see written evidence from other funders in terms of their contributions to the £2.2m funding gap and evidence of progress from other partners to solve the current funding deficit. We are awaiting further clarity from DCMS whether they are able to assist.
- 2.8 The region has already indicated continued support for the EAC to be held in Birmingham, recognising the economic benefits of major events and the significant reputational risk not continuing with the event will have on the UK's ability to host future major events. In agreeing to support this proposal, the region needs to be aware of the impacts of those changes and be clear on any further assurances that it may require from BCC as discussions progress. Furthermore, WMCA Board members have been clear that they would not support an increase in the WMCA contribution beyond £13.7m.
- 2.9 The principle of the "resource swap" as a funding mechanism was agreed in order to secure funding for delivery of the EAC from the CWGLEF. HMG have been very clear that there can be no extension to the lifecycle of the CWGLEF, which currently completes on 31st March 2025. Not proceeding with the suggested re-profile, which would guarantee the "resource swap" would have serious consequences for successfully securing the joint venture arrangement and the subsequent delivery of the EAC. Similarly, not agreeing to the additional spending means that other partners would be expected to cover the £2.2m shortfall and there is no certainty that they will do so.
- 2.10 These decisions are time-critical as delivery via the UKA-Joint Venture will need to be agreed by the Board of European Athletics on 17th January 2024. If this cannot be done then the EAC Board is likely to switch the event to a different European city. Securing agreement to re-profile and re-purpose the £13.7m CWGLEF monies as well as a solution to the £2.2m identified gap are essential to the EAC remaining in Birmingham and the UK.

3. Strategic Aims

- 3.1 The Full Business Case identified the EAC as supporting the following strategic aims of the WMCA:

1. Promote inclusive economic growth in every corner of the region - EAC will work with local authorities to support the role of culture and sport to help make the region a good place to live, work, visit and invest.
 2. Ensure everyone has the opportunity to benefit - by supporting the release of benefits from the event, the grass roots programme will help take sport to a cross section of communities.
- 3.2 BCC also committed to continue to work with WMCA to test the alignment and support the spending objectives of the proposal in this business case with WMCA's Inclusive Growth Decision Making Tool.
- 3.3 The proposed changes to the FBC and event delivery remove the direct regional funding to the provision of a grass roots sports programme and also impact on BCC's strategic role within the EAC. WMCA members should be aware of a potential impact on the ability of the EAC to deliver as fully against regional strategy as previously expected.

Major Sporting Event Delivery Plan 2022-2027 – The West Midlands

This event will help contribute to the targets set out to 'secure a minimum of 8 major events between 2022-2027' and elevate and enhance the status of the West Midlands, nationally and globally, as a host of great sporting events.

The EAC will also contribute to the strategic priorities of collaboration (with regional partners, venues and host authorities), innovation and inclusion to engage, inspire and include new, younger, more diverse audiences.

4. Financial Implications

- 4.1 In March 2023 WMCA Board approved the allocation of CWGLEF which included £10.7m for operational delivery of the EAC and £3m for delivery of Grassroots Sports Fund. A full business case for these was produced by BCC and approved by Investment Board on 19 June 2023. This included spend profile information that has been used to inform overall programme finance planning. The grant agreement signed between WMCA and DCMS requires 30% (£21m) of the total £70m to be spent in 2023/24.
- 4.2 BCC is now proposing to reallocate the £3m grassroots sports fund monies to direct EAC costs with the grass roots not being delivered in full. It also puts forward a revised spend profile that moved £4.5m of spend from 2023/24 into 2024/25 which it is unlikely that WMCA can accommodate within its overall programme and still meet the contractual spend threshold for 2023/24.
- 4.3 A request has been made to HMG to reprofile spend on the Fund, although it is noted that all expenditure still needs to be incurred by 31 March 2025 to be eligible under the grant terms and conditions. WMCA will need to have confirmation of HMG decision before any agreement can be entered into with BCC.

- 4.4 There is currently a £2.2m funding shortfall on the overall c.£25m EAC delivery budget with regional partners being asked to consider any further contributions that could be made towards this. The March 2023 Board paper included an allocation of £2m for the Sandwell Aquatics Centre scheme however the subsequent FBC approved by October Investment Board approved a revised £1.4m requirement with £0.6m being released back into the wider CWGLEF programme. This was noted as being directed first towards either the regional Plan for Growth or Community Grants programmes in line with the WMCA Board March 2023 paper. DCMS has asked WMCA to consider reallocating the £0.6m towards the EAC shortfall instead which requires Board consideration and approval. There is no requirement for regional underwrite for the EAC finances from WMCA outside of the CWGLEF funding contribution.
- 4.5 A funding agreement is yet to be agreed in respect of this funding but will need to include suitable terms and conditions to ensure that WMCA can meet its accountable body obligations.

5. Legal Implications

- 5.1 The eventual grant agreement between BCC and WMCA will need to mirror the terms and conditions within WMCA's overarching funding agreement with DCMS, in order to ensure that any risks and obligations imposed on WMCA by virtue of the funding agreement flow down to BCC.
- 5.2 Whilst the proposed joint venture delivery structure will mitigate against any further financial commitment from WMCA outside of the agreed CWGLEF funding contribution, it will be important to ensure that the CWGLEF grant monies are clearly attributable to BCC for the purpose of compliance with DCMS grant conditions, as WMCA will have no contractual relationship with the joint venture vehicle.
- 5.3 Any concessions made by HMG in terms of timescales for spending grant monies and the attendant reporting, monitoring and evaluation requirements will need to be documented in the BCC grant agreement, in order to protect WMCA's position as accountable body for the CWGLEF fund.
- 5.4 It should also be noted that the funding agreement with BCC will contain strictly private and confidential extracts from the overarching agreement between DCMS and WMCA which cannot be shared.
- 5.5 The grant agreement will need to be sealed by both parties before any funding can be released in accordance with any additional internal governances required as a consequence of BCC's s114 intervention.

6. Single Assurance Framework Implications

- 6.1 The timeframe for this decision does not allow adherence to formal SAF process. Programme Assurance and Appraisal team have been consulted and are content with the rationale for non-compliance with the process. Relevant documents have been shared with the Programme Assurance and Appraisal team so that they remain sighted on changes to the original EAC Full Business Case (agreed at Investment Board on 19th June 2023). Further advice will be sought from the team and actioned as appropriate.

7. Equalities Implications

- 7.1 Any decision to not support the delivery of EAC or to not support the decision to re-profile funding to support the principle of “resource swap” would have an equalities impact as the event may not go ahead, so benefits would be lost.
- 7.2 Agreement to continued support for the EAC and the decision to re-profile funding in will not have detrimental impact to equalities as it will secure the decision to bring the EAC to Birmingham in 2026, subject to a solution to the £2.2m budget gap being secured.
- 7.3 The decision not to directly fund grassroots sport through the CWGLEF and the decision to deliver through a joint venture approach may have a detrimental impact on equalities as there will be no direct link and therefore accountability between this funding and broader provision.
- 7.4 The FBC set out clear ambitions from BCC to use the opportunity of the EAC and the partnership opportunities that it would bring to directly link to their own plans to tackle physical inactivity and barriers to involvement and engagement amongst the population of Birmingham and wider West Midlands, with a specific focus on promotion of diversity and inclusion from under-represented groups.
- 7.5 The proposed detail of the joint venture include provision for acknowledgement of WMCA funding and broader oversight in compliance with grant funding conditions (section 1.3) sets out the opportunities for other areas of the region to become involved with EAC. However, without further clarity on the joint venture arrangements and any role for the wider region, and with BCC taking less of a leading role in the delivery of the event and subsequent legacy, there is a risk that these broader engagement and legacy impacts for communities will not be achieved to the extent originally envisaged. However, the UKA-JV will still be required to deliver against the legacy commitments made to European Athletics in the bid process.

8. Inclusive Growth Implications

- 8.1 The full business case outlined how the EAC would support inclusive growth via benefits to the following:
 - Investment in businesses providing supplies and services to the events industry
 - Contribution to visitor economy and associated benefits to leisure, tourism, cultural and hospitality sectors
 - Direct employment through the continued redevelopment at Alexander Stadium and through event delivery
 - Continuing to grow and enhance the reputation of Birmingham and the wider West Midlands as a good place to live, work, visit and invest
 - Wider community benefits associated with boost to grass roots and community sporting organisations and activities
- 8.2 A decision to not continue to support the EAC or to not support the re-profile and associated resource swap would jeopardise the delivery of the event and benefits realisation.

8.3 The removal of direct funding for any grass roots sport programme may have an impact on inclusive growth fundamentals for health and wellbeing and connected communities, in the event that suitable replacement programmes are not successfully secured via the joint venture route.

9. Geographical Area of Report's Implications

9.1 Birmingham (location of EAC 2026); legacy benefits are expected for the wider region

10. Other Implications

Reputational

10.1 Failure to secure the re-profiled and re-allocated £13.7m and / or to close the current identified gap of £2.2m would result in the EAC not being delivered in the region. In addition to the economic and social benefits that would be lost, there would also be a negative and detrimental impact to the reputation of the city, region and UK. The West Midlands will be hosting Sport Accord in April 2024, and seeking to position itself as an attractive place for major events and investment. To exit from a major sporting event 3 months before would present a significant challenge to this narrative.

11. Schedule of Background Papers

Birmingham European Athletics Championships 2026 – Full Business Case (Investment Board, 19th June 2023)

Appendix 1

Revised Approach to CWGLEF Funding for EAC 2026 – Supplementary Information

The Council and UK Athletics (UKA) entered into the Organiser Agreement contract with European Athletics (EA) in November 2022 and a request for funding from the CWG Legacy Fund administered by the WMCA with a total value of £13.7m as a contribution to total estimated delivery costs of £30m, was subsequently approved by the WMCA at Investment Board on 19th June 2023, as set out in this paper.

1.1 Reprofiting of Funds

As a result of the extensive and time consuming work that has been needed to refine the Stadium project to ensure that it can be delivered within the available cash envelope, and more recently the Council's financial circumstances and associated additional governance around the approval of new expenditure, it is no longer possible for BCC to deliver the level of expenditure previously intended for 2023/24, nor continue with the previously planned Grassroots Sports programme against the original plan.

As a result, BCC are seeking a change to the timing and nature of the expenditure that will be incurred by 31 March 2025 reducing 2023/24 expenditure by £4.5million to £4million, with a corresponding increase in 2024/25 from £5.2million to £9.7million as follows:

	2023/24				2024/25			
	Resource Swap - Stadium	Resource Swap – Grass Roots	Direct AEC Spend	Total Grant	Resource Swap - Stadium	Resource Swap – Grass Roots	Direct AEC Spend	Total Grant
Approved WMCA Bid	7.0	0.5	1.0	8.5	1.0	1.5	2.7	5.2
Rephased Stadium spend, no Grassroots programme	3.0	-	1.0	4.0	7.0	-	2.7	9.7

Without the reprofiling, BCC will not be able to identify sufficient eligible expenditure to draw down the originally planned £8.5million from the CWG Legacy Fund (with a likely shortfall of £4.5million). This would result in a funding shortfall for the Championship of this value – which could either substantially compromise the quality of the event or increase the level of gap funding / underwrite required, thereby posing a fundamental risk for the continuation of the Championships.

1.2 Reallocation of Funds

Removal of Grassroots Sport Element

BCC remains wedded to the importance of, and the need for, major events such as the EAC to be more than an elite sport event, and to act as a catalyst for encouraging participation and physical activity right through to grassroots level. Given the financial challenges faced by the council it will not be possible for us to guarantee the required match funding from BCC resources to deliver the grassroots sports programme as anticipated as part of a “resource swap”. Partners are actively looking at alternative routes to ensure community driven and community focussed delivery of activity at grassroots level in connection with the EAC. The partners in the proposed UK Joint Venture have knowledge and experience in this space and BCC are confident they will help partners to deliver on this ambition

Alexander Stadium Expenditure (£10m)

The £10m allocated to the Alexander Stadium will be spread across a number of projects that will ensure the continued legacy of the Stadium as an event destination but also as a community facility. These projects include a permanent lighting solution (to event standard), 3G pitch, the relocation of the public access gym, and wider enhancements to Perry Park and Stadium surrounds. BCC Spend Control Board have approved the work at Alexander Stadium and the principle of the resource swap, so we are confident that the resource swap can go ahead and required funding for the EAC released in the timeframe outside of the life of the CWGLEF. At the time of drafting, BCC have agreed to the release of £670,000 from the capital budget, in effect reducing this expenditure to £9.33k and reducing the £2.2m shortfall to £1.53m.

Direct EAC Spend (£3.7m)

This funding will support initial ‘set up’ costs for the UKA-JV, planning costs and early contractual commitments on longer lead-time delivery elements. Due to the change in delivery model from direct delivery to joint venture, the detailed financial modelling for this element is ongoing, with further refinement being one of the first roles for the UKA- JV to complete. We do not anticipate that the UKA- JV will require any further funding in the current financial year beyond the £1m allocated above for 23-24.

1.3 Delivery Vehicle for the EAC

BCC, UKA and UK Sport are in discussions to develop and implement an alternative delivery model for the Championships to that previously presented in the Business Case (an SPV Company, a joint venture between BCC and UKA). The new delivery vehicle would be a joint venture led by UK Athletics (UKA-JV).

The specific financial request of the WMCA remains the same, £13.7m and there would be no call on the WMCA to underwrite cost pressures or expenditure overruns. The UKA-JV will take on all financial risk and underwrite the event, thus also allowing BCC to cap its financial contribution and minimise risk. It is envisaged that the UKA-JC will either sign a new Organiser Agreement with EA or the existing tripartite agreement between UKA, BCC and European Athletics would be novated from BCC to the UKA-JV. In either case it is anticipated that one or more funding agreements between BCC and the UKA-JV will be required to facilitate remaining funding commitments.

BCC will continue to support the event in terms of provision of the stadium and associated venue management as well as facilitating with regards to statutory services such as permits, licencing, waste management etc. The UKA- JV will be responsible for transport management planning in conjunction with Transport for West Midlands with BCC supporting as required.

As part of the JV approach a local organising committee (LOC) will be created, which will provide an opportunity for local and regional oversight and direction to ensure that the benefits of the EAC are retained in the region. There will be an opportunity for local representation on the LOC, potentially through the WMCA oversight role. Operational details for the LOC are still be refined, and further detail will be shared when available.

1.4 – Legacy Benefits

The UKA-JV would also be responsible for delivery the legacy commitments made within the bid to EA thus ensuring that the economic and community benefits of hosting the Championships are still realised, despite the grassroots sport element of the funding application now no longer being part of the resource swap reprofiling.

As set out in the FBC the Championship will help to deliver an increase in community activity levels and sports participation. As part of the funding agreement between BCC and the UKA-JV there will be clear acknowledgement of the WMCA funding and broader oversight in compliance with grant conditions. The current expectation is that they would work with Sport England and BCC's internal Research & Insight Team to establish what data is available and define an appropriate baseline, utilising for example the Sport England Active Lives Survey and target increased levels of physical activity in target groups and a positive effect on reported levels of mental wellbeing.

Using the Championships as a catalyst to help address inequalities in health and inactivity will remain at the heart of the Championships. With a wide range of organisations and groups such as the Council, universities, schools and sports clubs, partners will work together to provide access to sport and increase the opportunities for participation. In turn, this will also promote more physical activity and active travel habits throughout the community supporting better local environments, improved air quality and the region's strive towards achieving its goal of net zero.

To further maximise the benefits to the whole region there will be an opportunity for each authority and their associated stakeholders to link into activating the legacy programmes in their particular areas.