



## WMCA Board

<b>Date</b>	16 December 2022
<b>Report title</b>	Proposal for WMCA Acceptance of a Share of Unallocated Contingency Funding from Birmingham 2022 Commonwealth Games
<b>Portfolio Lead</b>	Finance - Councillor Bob Sleigh
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
<b>Accountable Employee</b>	Ed Cox, Director of Strategy, Integration & Net Zero email: ed.cox@wmca.org.uk
<b>Report has been considered by</b>	Mayor & Portfolio Leads Liaison - 18 November 2022

### Recommendations for decision

#### The WMCA Board is recommended to:

- (1) **Approve** the acceptance by WMCA as the accountable body for the receipt of c.£70m resource grant funding from DCMS subject to agreement of suitable terms and conditions;
- (2) **Approve** the funding delegations to the WMCA Monitoring Officer and WMCA Section 151 Officer to enter into the various funding agreements and contracts which would be reasonably required to enable delivery of the programmes;
- (3) **Delegate** authority to carry out overall commissioning of the CWG Legacy Fund, including any procurement activity as required, to the Executive Director for Strategy, Integration and Net Zero in consultation with the WMCA Section 151 Officer;
- (4) **Agree** to WMCA retaining 2% of the funding for accountable body costs in accordance with standard policy, including covering the costs for temporary resourcing support to design and manage the CWG Legacy Programme;
- (5) **Agree** to the funding allocations between the four programme pillars, based on the new higher quantum of funding that WMCA will receive as its share;

- (6) **Agree** to the principle of reallocation of funding between programme pillars in the event of in-year underspends arising within individual pillars, using WMCA's change control process enabled by the Single Assurance Framework;
- (7) **Agree** to the proposed decision-making and delivery processes for each pillar;
- (8) **Note** that the delivery timeline is likely to be constrained given the two-year spending profile and the limited preparation time ahead of the funding coming on stream in financial year 2023/24;
- (9) **Agree** to the West Midlands Growth Company (WMGC) being allocated at least £1.7m of this funding in 2023/24, subject to confirmation of the full funding coming to WMCA, in line with the funding proposal set out in the separate WMGC paper on WMCA Board agenda.
- (10) **Note** the next steps and intended decisions to be brought to the January WMCA Board.

## 1. Purpose

- 1.1 This paper sets out key decisions for the Board to take on the scoping of the Commonwealth Games (CWG) Legacy Fund – a £70m resource investment that WMCA will be granted by DCMS from 75% of the unallocated contingency funding in the CWG budget.

## 2. Issue

### **CONTEXT**

- 2.1 There is unspent contingency funding from the Birmingham 2022 Commonwealth Games (CWG) which DCMS has indicated it will allocate to WMCA to spend on a CWG Legacy Programme across 2023/24 and 2024/25.
- 2.2 On 18 November, the Mayor and Portfolio Leaders considered a proposal to DCMS which set out:
  - a. The overall split of unspent contingency funding between WMCA and Birmingham City Council (BCC), being 75% and 25% respectively;
  - b. The principle of allocating the 75% WMCA share in line with the B2022 Legacy Programme, other existing strategies and with WMCA governance and decision-making processes;
  - c. Four thematic programme pillars and the indicative proportions to be shared between them;
  - d. The governance and decision-making process under which the 75% WMCA share will be managed.
- 2.3 The Mayor and Portfolio Leaders were clear at their meeting that the repair costs to Sandwell Aquatics Centre needed to be covered as a matter of priority for any legacy funds. This matter has now been addressed and agreed by the Organising Committee outside of this process.

- 2.4 While DCMS previously indicated that the portion of funding to be made available to WMCA (hereafter the 'CWG Legacy Fund') would be about £45m, they have since confirmed that the Secretary of State has agreed to the 75% portion being £70m.
- 2.5 The funding will be allocated over the next two financial years, i.e. 2023/24 and 2024/25. While we had originally asked for the funding to be spread over three years, HM Treasury requires it to be spent within this Spending Review period, which runs to 2024/25.
- 2.6 The delivery timeline for the CWG Legacy Fund is likely to be constrained, given the two-year spending profile and the limited time to work through programme development and assurance ahead of the funding coming on stream in financial year 2023/24. We will monitor this risk and update the Board in due course on a realistic delivery timeline, once we have confirmation from DCMS of their required assurance process and are able to map WMCA's assurance process in relation to that.
- 2.7 We also understand from DCMS that they are required to take an up to 1% deduction from the funding for their own costs relating to administration, monitoring and evaluation, although the exact amount is subject to ongoing discussions within the Department.
- 2.8 Once we know the final funding amount due to come to WMCA, we will deduct the standard 2% for administration costs applied to all government grant funding received by the WMCA. This will be used to cover programme development costs, including any temporary resource support required to design the programme and develop the necessary business cases.
- 2.9 We are working with DCMS on an appropriate and proportionate level of sign-off and oversight for DCMS to retain beyond the point of them giving us funding confirmation. This will be addressed in a more detailed grant funding letter to follow, which we expect to set out:
- a. What process of assurance and approval DCMS will require ahead of releasing the funding to WMCA, including what form of business case they will seek to approve;
  - b. Any ongoing monitoring requirements and/or gateway/review points.
- 2.10 As the Mayor & Portfolio Leaders paper set out, decisions on specific activities to be taken forward through the CWG Legacy Fund will be managed through a staged process. This paper and the Board's agreement to its recommendations constitutes Stage 1. The process and sequencing of these steps remain subject to live discussion with government and will need to sit alongside any additional sign-off requirements from DCMS. Stage 2 will involve each Legacy pillar bringing more detailed proposals to the WMCA Board in early 2023. Stage 3 will involve delivery programme business case approval by relevant thematic boards. Further details of approvals processes are set out in Table 2 below.

### ***CWG LEGACY FUND PROGRAMME PILLARS***

- 2.11 The four thematic pillars that form the foundation of the CWG Legacy Fund Programme, as endorsed in November, are:

- a. Economy, trade and tourism
- b. Culture and heritage
- c. Inclusive communities
- d. Wellbeing and sustainability

2.12 These pillars are based upon the original themes of the B2022 Games Legacy Plan (set out in Annex 1 of this paper). These pillars are interdependent and relate to existing regional and local strategies, such as the [West Midlands Plan for Growth](#) which supports and is in strategic alignment with the ‘Economy, trade and tourism’ pillar.

2.13 With the management, monitoring and evaluation costs deducted, there will be c.£68m to be spent across these pillars.

2.14 Table 1 below sets out the new proposed allocations between pillars.

*Table 1: Share of funding split between pillars*

<b>Pillar</b>	<b>Proposed value</b>
Economy, trade and tourism	£38.9m
Inclusive communities	£20.8m
Culture and heritage	£4.07m
Wellbeing and sustainability	£4.07m

2.15 In order to manage the programme effectively, we propose that we allow funding to be reallocated between programme pillars in the event of in-year underspends arising within individual pillars. This would be done in line with WMCA’s change control process, enabled by the Single Assurance Framework.

2.16 Beneath each ‘pillar’ we are anticipating the development of a small number of ‘delivery programmes. As part of the original Games Legacy planning, Games Partners have already undertaken significant development work on these programmes prior to the confirmation of any Legacy Fund. There is an expectation from DCMS that these delivery programmes will form the basis for Legacy Fund spending but that they will need to receive endorsement and accountability through regional governance structures.

2.17 While WMCA will be the accountable body for the CWG Legacy Fund, we anticipate that Legacy Fund programmes will be delivered through different means and by different organisations according to the requirements of the programme in question.

2.18 We expect that the organisations eligible to manage programmes on behalf of WMCA will be Games Partners, including non-constituent local authorities that hosted CWG events, but we are working with DCMS to understand what level of specificity they want to apply here and whether they will direct us or give us the flexibility to make local decisions on the type of organisation eligible to manage programmes.

2.19 Building on the illustrative delivery programmes worked up by Games Partners, the table below sets out some further detail on the proposed approach to each pillar.

Table 2: Illustrative delivery programmes and process per pillar

Pillar and Leads	Illustrative delivery programmes	Decision-making and delivery process
<p>Economy, trade and tourism (£38.9m)</p> <p>Portfolio Lead: Cllr Brookfield Cllr Duggins</p> <p>WMCA Exec Director: Julie Nugent</p>	<p>(i) Trade and Investment, to include maximising pipeline conversion of Business and Tourism Programme.</p> <p>(ii) Tourism strategy and campaigns.</p> <p>(iii) Intensive support for high-growth SMEs.</p> <p>(iv) Supporting major events in the West Midlands</p> <p>(v) Wider jobs and skills legacy</p>	<p>West Midlands Growth Company (WMGC) to deliver this programme.</p> <p>This will be part of the overall programme of business and tourism work commissioned by the WMCA (see separate WMGC Board paper). This will see at least £1.7m of CWG Legacy Fund invested in the WMGC for 2023/24, with potential for further monies to be determined through the overall WMGC Review, to report to the Economic Growth Board in January 2023.</p> <p>Paper on full Economy, Trade and Tourism Pillar to follow at the February WMCA Board alongside the WMGC Review.</p> <p>Further scoping needed to agree balance in this programme of:</p> <ul style="list-style-type: none"> <li>(i) Major events investment fund for bidding and hosting support</li> <li>(ii) Delivery of specific major events e.g. European Athletics Championship</li> </ul> <p>Paper on full Economy, Trade and Tourism Pillar to February Board with further decisions on scope and design of Major Events Programme to a subsequent meeting of the Economic Growth Board.</p> <p>WMCA to lead further scoping work to agree the shape of this programme, bringing in relevant partners across the region.</p> <p>Paper on full Economy, Trade and Tourism Pillar to February Board with further decisions on scope and design of wider Jobs and Skills Legacy Programme to subsequent meetings of the Economic Growth Board.</p>
<p>Inclusive communities (£20.8m)</p> <p>Portfolio Lead: Cllr Carmichael</p> <p>WMCA Exec Director: Ed Cox</p>	<p>(i) Development of an Inclusive Communities Strategy</p> <p>(ii) Supporting Legacy Trailblazer Projects that have already demonstrated impact</p>	<p>WMCA to lead on the development of a West Midlands Inclusive Communities Strategy, working with partners across the region.</p> <p>Decision on scope and design of full Inclusive Communities programme to March WMCA Board.</p> <p>Organising Committee (OC) Legacy Team to lead further scoping work and an assessment process for project selection.</p> <p>In order to receive funding, we will expect existing programmes to have a proven delivery model and a good potential for future demand.</p>

		Decision on scope and design of full Inclusive Communities programme and Trailblazer Projects to March WMCA Board.
	(iii) A Community Inclusion Fund grants programme for community-led Legacy activities	WMCA to lead further scoping work, in consultation with local authorities and wider regional parties, and to run procurement exercise to identify a regional grant distribution body who will deliver a grants programme to regionally agreed priorities. The subsequent grants programme will be open to bids from organisations across the region. The grants programme should be used to leverage match-funding and some funded projects could receive grant funding and loan finance in order to extend the fund's benefit beyond the initial DCMS investment. Decision on scope and design of full Inclusive Communities programme and grants programme commissioning process to March WMCA Board.
Culture and heritage (£4.07m)  Portfolio Lead: Cllr Harley	(i) Development of a Culture and Heritage Strategy	WMCA to lead on the development of a Culture and Heritage Strategy, working with partners across the West Midlands including the Cultural Leadership Board. Decision on scope and design of Culture & Heritage programme to March WMCA Board.
WMCA Exec Director: Ed Cox	(ii) Investment in a strategic pipeline of culture and heritage infrastructure	WMCA to lead further scoping work on this programme and the delivery method. We anticipate that this will involve close engagement with local authorities and delivery will be undertaken through a range of regional partner bodies. Decision on scope and design of Culture & Heritage programme to March WMCA Board.
Wellbeing and sustainability (£4.07m)  Portfolio Lead: Cllr Seccombe Cllr Courts	(i) Wellbeing programme to maximise legacy impact of Games	WMCA to work through Wellbeing Board to further scope work on this programme and the delivery method. We anticipate that delivery will be undertaken through a range of regional partner bodies and will complement other investment – eg through Sports England Decision on scope and design of programme to March WMCA Board with subsequent decisions taken by Wellbeing thematic board.
WMCA Exec Director: Julie Nugent & Ed Cox	(ii) Community Green Grants programme extension	WMCA to lead on this which is an extension of an existing successful programme. Decision on scope and design of programme to March WMCA Board with subsequent decisions taken by Environment and Energy thematic board.

- 2.20 As set out in November, adherence to the [Single Assurance Framework](#) will apply across all programmes delivered through the CWG Legacy Fund. The SAF sets out how the WMCA, as the accountable body for this funding from government, spends or invests public money responsibly, in an open and transparent way to achieve value for money and social value or impact.

### **FUNDING CONFIRMATION FOR WEST MIDLANDS GROWTH COMPANY**

- 2.21 Alongside other funding sources for 2023/24, the West Midlands Growth Company (WMGC) is expecting to secure £1.7m pa. from CWG Legacy Fund in 2023/24. This is set out in detail in the separate WMGC paper on the WMCA Board agenda.
- 2.22 WMCA Board is asked to approve this allocation, subject to WMCA receiving confirmation that the full funding amount will be received. Confirmation of funding allocations will allow WMGC to file their accounts for the year ended 31 March 2022 on a going concern basis.

### **NEXT STEPS AND DECISIONS FOR JANUARY BOARD**

- 2.23 Subject to the Board's agreement to the recommendations in this paper (which constitute Stage 1 of the approvals process for the CWG Legacy Fund), we will seek to progress Stage 2 at meetings of the WMCA Board in meeting at the beginning of 2023 as per Table 2 above.
- 2.24 As set out in Table 2, the relevant WMCA Executive Directors, working closely with relevant Portfolio Leads, will bring forward more detailed proposals about the allocations for each delivery programme within their pillar. This will include specifications for commissioned programmes and services against each pillar, including procurement arrangements for each delivery programme and procedures for delegated decision-making at Stage 3.
- 2.25 These proposals will be developed with engagement from local partners and in consultation with WMCA procurement, finance and legal leads and will require WMCA Board approval. It is assumed that this will start to take place during Quarter 4 of 2022/23 ahead of the new financial year.
- 2.26 Under Stage 3, delivery programmes will be taken forward according to the processes identified and agreed at Stage 2 with authority delegated to the agreed bodies. We expect WMCA Thematic Portfolio holders and their relevant boards to play a key role in Stage 3 processes. Further reports will be submitted to the WMCA Board, detailing the outcomes of the procurement and commissioning processes.

## **3. Strategic Aims and Objectives**

- 3.1 The CWG Legacy Fund will support the following WMCA Strategic Aims and Objectives:
- c. Promote inclusive economic growth in every corner of the region
  - d. Ensure everyone has the opportunity to benefit
  - e. Develop our organisation and be a good regional partner

## **4. Financial Implications**

- 4.1 The financial implications as currently understood are set out within the main body of this report. At the point of this report being issued, WMCA has not received written confirmation from DCMS of the funding including confirmation of the final amount. The Board is asked to approve that once this is received, the funding is accepted subject to suitable terms and conditions being agreed with DCMS. Furthermore the Board is asked to approve delegated authority to the Monitoring Officer and Section 151 Officer to enter into any funding agreements and contracts required to deliver activity under the grant terms.
- 4.2 As noted in paragraph 18, the CWG Legacy Fund will be subject to the Single Assurance Framework to provide assurance over financial spend plans and value for money. These will be developed as part of later stages of the process.
- 4.3 The Board is asked to approve one specific allocation from the overall fund to support immediate pressures, namely £1.7m for West Midlands Growth Company in 2023/24. The details of the funding requirements are set out earlier in this report.
- 4.4 It is proposed that 2% of the fund is retained by WMCA to cover the accountable administration costs of mobilising, administering and monitoring the fund for the region as set out in the recommendations.

## **5. Legal Implications**

- 5.1 There are no immediate legal implications as a direct result of this report.
- 5.2 Any grant agreement entered into between the WMCA and the grant recipient/s will have to be drafted back to back to the DCMS Funding terms and conditions to ensure that all funding obligations placed on WMCA in relation to receipt of the funding is passed down to the grant recipients delivering the services. The funding agreements between WMCA and any recipient of grant funding should be agreed and signed by both parties before funding is released.

## **6. Single Assurance Framework Implications**

- 6.1 It has been requested by WMCA SLT that the CWG Legacy Funding is treated as a proposed programme and utilises the Single Assurance Framework (SAF) to help articulate the options available to programme, understand proposed plans for implementation and associated risks. Utilising the SAF should provide confidence to decision makers that sufficient plans for delivery are in place. Any proposals can be updated once DCMS confirm business case requirements. The SAF is based on HM Treasury/ Cabinet Office project management best practice approaches.



## 7. Equalities Implications

- 7.1 A key objective of the CWG Legacy Fund is to create an inclusive legacy for CWG across the West Midlands. We anticipate that the fund will have positive equalities implications and will conduct more detailed assessments for each programme as they are developed.

## 8. Inclusive Growth Implications

- 8.1 The prioritisation for the CWG Legacy Fund around the four pillars will contribute to the region's inclusive growth framework fundamentals in the following ways:
- **Economy, trade and tourism pillar** - in line with our inclusive economy priority to ensure economic prosperity reaches into the homes across the WMCA area, and improving training and skills in line the education and learning fundamental;
  - **Inclusive communities pillar** - development of an inclusive communities strategy and community-led activities will help achieve our power, influence and participation fundamental;
  - **Culture and heritage pillar** - strengthen investments in our cultural and heritage infrastructure will increase pride in place, in line with our power, influence and participation fundamental; and
  - **Wellbeing and sustainability pillar** - physical activity programme and green grants will help reduce health inequalities in line with the health and wellbeing fundamental.

## 9. Geographical Area of Report's Implications

- 9.1 The implications of the CWG Legacy Fund will cover all of the West Midlands Combined Authority.

## 10. Schedule of Background Papers

B2022 Games Legacy Plan summary

Mayor and Met Leaders meeting paper on CWG Legacy Fund proposal, 18 November 2022