



Birmingham 2022 Commonwealth Games:

A golden opportunity

Foreword



The 2022 Commonwealth Games in Birmingham is a golden opportunity to use global sport and infrastructure investment to deliver transformational change, a positive lasting legacy and a boost to UK exports to the fast-growing countries of the Commonwealth.

There are important comparisons to be drawn between London's hosting of the 2012 Olympic and Paralympic Games, the business boost achieved and the scale of transformation that was delivered to East London.

When the opening ceremony of the Olympic Games took place on 27 July 2012, I was chief executive of the Olympic Delivery Authority (ODA).

I spent six years working with Government, local authorities and transport bodies to help deliver the infrastructure for the Games – from building the Olympic Stadium itself to transport improvements at venues across the UK.

It was a big moment for me personally, everyone involved and the country. We were filled with a tremendous feeling of pride of what we had delivered together.

At that stage, most people were rightly focussed on the sport and Team GB's medal tally – but those of us who had been involved in the delivery since the beginning were keenly aware that delivering a sustainable legacy and

measures which supported business growth were more important in the long term.

When you go to Stratford today, it is like visiting a completely different place

Thinking back to when it was selected as a potential locations for the Olympic Park during the preparations for London's bid, the site was an unloved industrial area, filled with polluting industrial activity that had stifled connectivity between neighbourhoods and left a toxic legacy.

The surrounding residential areas were struggling – there was high unemployment and decades of little to no investment that had left the area in need of regeneration.

Today, the park is a bright, happy place thrumming with activity. The venues are still hosting global sporting events on a regular basis, are home to West Ham, and the infrastructure improvements the ODA delivered have helped to transform a neglected area of the city and enabled much needed homes to be built.

Thousands of new homes and millions of square feet of new office accommodation have been delivered since 2012, creating new neighbourhoods, improving others and providing opportunities for thousands of local people.

After the Games, I was the chief executive of the London Legacy Development Corporation, charged with ensuring the host boroughs got the benefits of the Olympics long after the athletes had headed home.

I think we did a good job. East London is now the fastest growing area of London, with more than 110,000 jobs added since the Olympic Games – with Newham and Hackney growing at five times the rate we expected in 2012.

Everywhere you look in the east of the city you can see benefits brought by the Games – and internationally London is now recognised as one of

the few cities that has manage to truly capture the benefits of the Olympics and deliver a real host nation legacy.

Our success gave the UK a renewed confidence in its ability to deliver complex projects – and that has meant that today, other areas of the UK are looking to repeat 2012's success. The delivery model that we developed at the Olympics and the culture that was built between the different teams is still to this day held up as an exemplar for others to follow.

Our new analysis – undertaken by an ex-Treasury economist – shows that the minimum benefit to the West Midlands of hosting the 2022 Commonwealth Games would be £1.5bn of legacy benefits in the first year plus £500m one-construction benefits - and thats at a minimum.

My experience has taught me that legacy doesn't happen automatically. Capturing legacy benefits takes hard work, early planning and collaboration between stakeholders.

This report aims to capture some of the transferable lessons from the 2012 Olympics and shows the size of the prize that Birmingham and the West Midlands has within their grasp.

If we get it right, the 2022 Commonwealth Games will be so much more than just sport – they can represent a landmark period of change and growth for an entire region and help boost the UK's global trade post-Brexit.

Dennis Hone
Group Board Member, Mace

Former Chief Executive of the Olympic Delivery Authority and the London Legacy Development Corporation

Leveraging sport for economic growth

The West Midlands is undoubtedly one of the most important regions of the UK. It has a £126bnⁱ economy, is home to nearly six million peopleⁱⁱ, and is home to more than 450,000 businesses.ⁱⁱⁱ

It is world renowned for its advanced manufacturing, its universities and for its food and drinks industries. It currently accounts for 10%^{iv} of the UK's international exports, is home to the second largest city in the UK, and has a tremendously vibrant and young population.

But for all of these strengths, the West Midlands does not punch at its weight. Its GVA is less than half that of London's (its GVA is a third of London's, GVA per head is under a half), in places it has some of the highest levels of deprivation in the country and residents have noticeably longer times to travel to get to local amenities.

Simply put, there is a significant gap between the economic performance of the West Midlands and the rest of the UK. London in particular creates more growth (both overall and per capita), has more job opportunities and higher levels of aspiration. It has a higher skilled, more productive workforce and attracts more investment from both home and abroad than anywhere else in the UK. Why should the UK's second city not have the same?

Some of London's advantage comes from being the capital city and some from being an international centre for financial services. But some of the benefits that London enjoys come from the decisions taken to leverage its position for economic gain.

In particular London has used the power of international sporting event to great advantage.

In recent years it has hosted the London 2012 Olympic and Paralympic Games, World Athletics Championship and many of the 2015 Rugby World Cups games.

London knows that international sporting events can act as a major boon to trade, jobs, health and civic pride, with the London 2012 Olympic and Paralympic Games being one of the best examples to date.

It is an example that Mace knows well, having taken a leading role as part of joint venture CLM to deliver the 2012 venues, and then working closely with the London Legacy Development Corporation to transform the venues after the games.

At the Queen Elizabeth Olympic Park alone, developments are well underway to create over 11,000 homes and 10,000 permanent high-quality jobs. There's also a major shopping centre, fantastic transport hub, West Ham's new stadium and the largest new green park in any European city - all of which would not exist without the Olympics. Recently announced plans include the London School of Fashion, Sadler's Wells the Victoria and Albert Museum and the BBC moving into the new 'East Bank' development.

With the potential of hosting the 2022 Commonwealth Games, Birmingham now has a once in a generation opportunity to rapidly accelerate its own growth and development.

With the opening of a transformational Birmingham New Street station in 2015, the arrival of HS2 in 2026, and the Games in 2022, Birmingham has a golden opportunity to create a positive legacy for many generations to come.

"The London 2012 Games have definitively served as a catalyst for development and improvements, both tangible and intangible, which would otherwise have taken decades to achieve."

Jacques Rogge
President of the International Olympic Committee



The power of capital investment

Examples of successful investment in transport, retail and sports venues are easy to see in cities across the UK.

A key example for the West Midlands can be found locally in Birmingham, where regeneration was kick-started by the renovation of the Bullring shopping centre.

This began a complete transformation of the city centre that continued with the overhaul of Birmingham New Street train station and the creation of the Grand Central retail centre, as well as the ongoing development as part of the Birmingham 'Big City Plan'.

The impact this has had on Birmingham and the wider West Midlands is clear. Estimates suggest that over 10,000 jobs across the region were created during the design, planning and construction work associated with redevelopment of New Street train station, Grand Central retail centre and the Bullring.

Together, the retail outlets created now support in excess of 6,000 local jobs.

As a result, Birmingham has moved from twelfth to third in the national retail rankings and has seen an 11% increase in its visitor economy. It now boasts close to 40 million visitors, contributing over £5 billion to the economy, each year.

Overall satisfaction of travellers through New Street station increased from 81% to 87% in the last two years, and satisfaction with the "choice of shops/eating/drinking facilities available" has risen from 65% to 80%.

Together, better access to services and improved customer satisfaction provides an opportunity for substantial time and wellbeing impacts for passengers and non-passengers alike.

So it's no wonder that the public still want more investment with 85% wanting to see improvements in infrastructure driven by higher levels of investment.

With the arrival of a new HS2 station at Curzon Street in under a decade's time, Birmingham will have another opportunity to transform part of its city centre and can build on the work at New Street.

But it is also the intangible benefits which are just as important too. When a key aspiration for the West Midlands and the UK being boosting international trade post-Brexit, stations are a front door that sets the tone for international investors and developers.

Since the redevelopment of Birmingham New Street station Birmingham has moved from 12th to...



3rd
in the national
retail rankings
BIRMINGHAM

Birmingham has seen an...

+11%
...in visitor economy



Now boasting
40m
annual visitors

The size of the prize

It is widely accepted that major sporting events can bring tremendous tangible and intangible benefits the cities that host them, by boosting trade and encouraging people to live healthier life styles.

We have worked with Chris Walker, a senior economist who worked at HM Treasury and the Ministry for Housing, Communities and Local Government, to undertake an assessment of the possible benefits to Birmingham and the West Midlands of hosting the 2022 Games.

We have used baseline comparisons with the 2012 London Olympic Games which have subsequently been modified to take account of the different location, demographics, scale of the event and levels of proposed investment.

The expected cost for the 2022 Birmingham Commonwealth Games is currently estimated at circa. £750 million, with a quarter coming from local funding sources and the rest from HM Treasury. 95% of proposed venues for the Games are facilities already in existence that will be made suitable for the Games with some modifications and improvement works.

Assuming the above, we assess the minimum possible economic benefits to be as follows:

Construction activity, non-legacy item (£500m)

There will be some economic impacts from construction activity leading up to Birmingham Commonwealth Olympics.

These will not be as big as London. Nearly £6.8bn (three-quarters) of the £8.9bn London Olympics expenditure was spent on infrastructure including venues. The new construction activity includes building the aquatic centre and upgrading the Alexander Stadium as to increase its capacity.

Of the total Birmingham Commonwealth Games budget, we estimate around £250m will be for construction. Finer details and cost breakdowns are yet to be confirmed, including contingencies, but we calculate that from construction activity one-off economic benefits of £500m could be generated from preparing for Games, i.e. non-legacy items.

Investment and trade, legacy item (+£1.5bn)

This is likely to be the backbone of the overall economic benefit of the Birmingham Games, but probably more important given the construction activity associated with the Birmingham bid is comparatively modest.

Birmingham's plans for the Games also include Business Expo 2022, a four-year enterprise and industry programme to showcase the best of UK industry and business to a global audience. This will form a key part of the economic legacy left by the 2022 Games.

The Government places great importance in hosting sport as a platform for trade and tourism as the country prepares for Brexit and these activities will create new global opportunities between commonwealth nations and key global markets from the USA, Middle East, China and Europe.

This means that in total we estimate that the 2022 Birmingham Games could generate at least £1.5bn of economic benefit in the first year following the Games, as well as £500m in one-off construction benefit. The West Midlands' annual Gross Value added (GVA) is around £126bn, which means that a £2bn boost would represent a 1.6% increase to GVA.

However, the full benefits of the Games are actually likely to be much more substantial. These calculations don't quantify the full regeneration benefits. Nor do they take into account the economic benefit that would be seen beyond the West Midlands to the wider UK economy, meaning that the Games would not only be a boon and major opportunity for the West Midlands, but for the country as a whole.

Regeneration activity, legacy item (+£TBC)

Birmingham's Games will be centered on the upgraded stadium at Pery Barr. Just as the London Olympics did at Stratford, the Commonwealth Games Athlete's Village will create much needed new homes as well as providing jobs and new transport infrastructure in a deprived area in need of regeneration. The successful regeneration of East Manchester following their Commonwealth Games demonstrates the potential impact.

BIRMINGHAM 2022



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Four lessons from the London 2012 Olympic and Paralympic Games

Mace was instrumental in delivering the London 2012 Olympic and Paralympic Games.

Below we've captured four of our key lessons that helped make it the most successful mega-event held in the UK – each of which will be important in the delivery of the Birmingham 2022 Commonwealth Games.

1. Delivering complex programmes relies on good relationships

There are few programmes more complex than delivering large infrastructure and venue projects to a hard deadline, but that's the reality of global sport events.

The most important thing is building strong, high quality aligned relationships between the delivery organisations. During the Olympics, that was the delivery partner (private sector joint venture company CLM), the Olympic Delivery Authority (ODA) and, later on, the London Organising Committee of the Olympic Games (LOCOG).

Those relationships allow for collaborative working that builds trust throughout the programme, rather than different organisations pulling in different directions.

2. Don't hold back on the ambition

If you had asked people before the UK delivered the Olympics whether the event would be a success, many would have told you that it couldn't be done.

If you had asked them if we could deliver a complex infrastructure programme as big as the Olympics, on-time and without a single fatal accident across the entire project, most UK construction professionals would similarly have voiced their doubts.

In reality, we could do it – and we did it with aplomb. Ambition is a good thing, as long as you plan carefully.

3. Legacy must be 'baked-in' to everything you do

Events like the Olympics and Commonwealth Games are fantastic investment multipliers, ensuring that money used for infrastructure improvements delivers even better outcomes than you might expect.

However, for this to work every single element of your legacy must be planned in advance. For the Olympics, the 'post-Games' use of every venue and piece of infrastructure was scoped out before construction began, ensuring the maximum possible benefit post-Games

4. Broad political support is vital to delivering the end result

Global mega events rely on close working between delivery teams and the politicians who control the purse-strings. That means that delivery teams must be conscious of the political context of their work and the different relationships between national and local political stakeholders.

For Birmingham 2022, there will be a balance to be struck between the impact of the games in the West Midlands and the rest of the UK – and between local and national political funding and oversight.

Collaborative working during the 'build' phase of the process must include working with all stakeholders across the political spectrum to ensure that everyone is bought in and supportive of the process.

Conclusion

Four years from now, for a short amount of time, the whole of the Commonwealth – and beyond – will be looking to Birmingham.

As a result, the Games offer Birmingham a transformative opportunity to build on its recent success and create new perceptions of the city across the globe.

Before that, there is a huge amount of work to do in order to deliver the infrastructure and venues required to make the Games a success.

Doing so effectively will produce a huge economic benefit to the city, as this report shows. However, that benefit isn't guaranteed. Many cities host global sporting events and don't always achieve their objectives – the key is to ensure you're constantly working to maximise the legacy benefits.

That means planning ahead carefully, and ensuring that the whole delivery team is pulling together collaboratively. It means drawing from a wide range of stakeholders to ensure that everyone is on-board with contributing to the delivery and legacy plans.

If the delivery team can successfully do all of that, the Games could usher in a new golden age for Birmingham – a new dawn for the UK's second city.

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Chris Walker

The new economic modelling commissioned by Mace in this report was done by Chris Walker. Chris Walker is an independent consultant economist and associate of WPI strategy. He has worked across a range of sectors and with local, devolved and national government. Chris is a former HM Treasury economist and senior economic adviser at the Minister for Housing, Communities and Local Government.

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