

Wales 2026 Commonwealth Games Feasibility



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Summary of Feasibility Study

Over-view

1. Since December 2012, Welsh Government (WG) has worked with Commonwealth Games Wales (CGW) and other key partners including Local Authorities and Sport Wales to explore the feasibility of bidding to host the Commonwealth Games in 2026 – a previous *Programme for Government* commitment. In addition officials have engaged with the Scottish Government and other stakeholders to learn from Glasgow's experience of hosting the 2014 Games.
2. In November 2014, following the initial work and attendance at the Glasgow 2014 Games, the Commonwealth Games Ministerial Steering Group chaired by the First Minister, concluded that Wales could mount a successful bid for the Games but noted that the costs were likely to be high and asked for more work on detailed costs.
3. To that end, in 2015 further work was commissioned to assess the availability and quality of existing venues across Wales and the potential costs associated with providing the necessary new venues. Account was also taken of the Economic Impact Study and other reports from Glasgow 2014. Cabinet considered this additional work in October 2015 and, in order to facilitate a final decision, requested additional work, in particular, analysis of the potential for an all-Wales bid in addition to a South East Wales only or South East / North East Wales bid.
4. The Wales 2026 Commonwealth Games Feasibility Study ("the study") collated key information relating to the potential advantages, disadvantages, benefits, risks and costs that might reasonably be expected to result from holding the 2026 Commonwealth Games in Wales. The study presented findings from qualitative and quantitative analysis and research of possible Games options as well as evidence from other Commonwealth Games evaluation reports in order to facilitate discussion at Cabinet.
5. In conclusion, the study presents evidence that while a bid by Wales for the 2026 Games is technically possible, the wider the geographical spread of the Games and events, the more expensive the event would become, the greater the logistical challenges, and the less likely the proposals would be to receive support from the other voting Commonwealth nations.
6. It is clear from the work undertaken that hosting the 2026 Commonwealth Games would be one of the biggest undertakings the Welsh Government has ever made. The financial commitment would be in place over three Assembly terms and would include a sustained and significant commitment over the next ten years from all Departments across the Welsh Government at a time when there is increased uncertainty regarding funding. Local authority partners, transport and other private companies would also have significant roles to play.

Analysis of Options

7. The final study considered three bid options:
 - (i) All-Wales
 - (ii) Joint North East / South East Wales
 - (iii) South East Wales
8. The detailed analysis was undertaken with CGW utilising independent experts with in-depth knowledge of the Glasgow 2024 Games in particular the development of the venues and athletes' village for Glasgow. The analysis focused on adapting existing venues to meet the bid requirements of the Commonwealth Games Federation (CGF) in order to limit the creation of potential "white elephants" with lengthy and ongoing revenue costs. The work included estimates of the costs of adaptation and assessed the potential costs and requirements for travel for athletes, accommodation, security and policing, potential for spectators, the operation of the Games themselves, and "winnability" of a bid.
9. Figure 1 presents the potential venue locations identified for an all-Wales option. Figure 2 the joint North East / South East Wales option, and Figure 3 presents the locations identified for the South East Wales option. In all options the key requirements include the need for new-build athletics stadium, aquatics centre, velodrome and athletes villages(s).

Figure 1: All-Wales Option

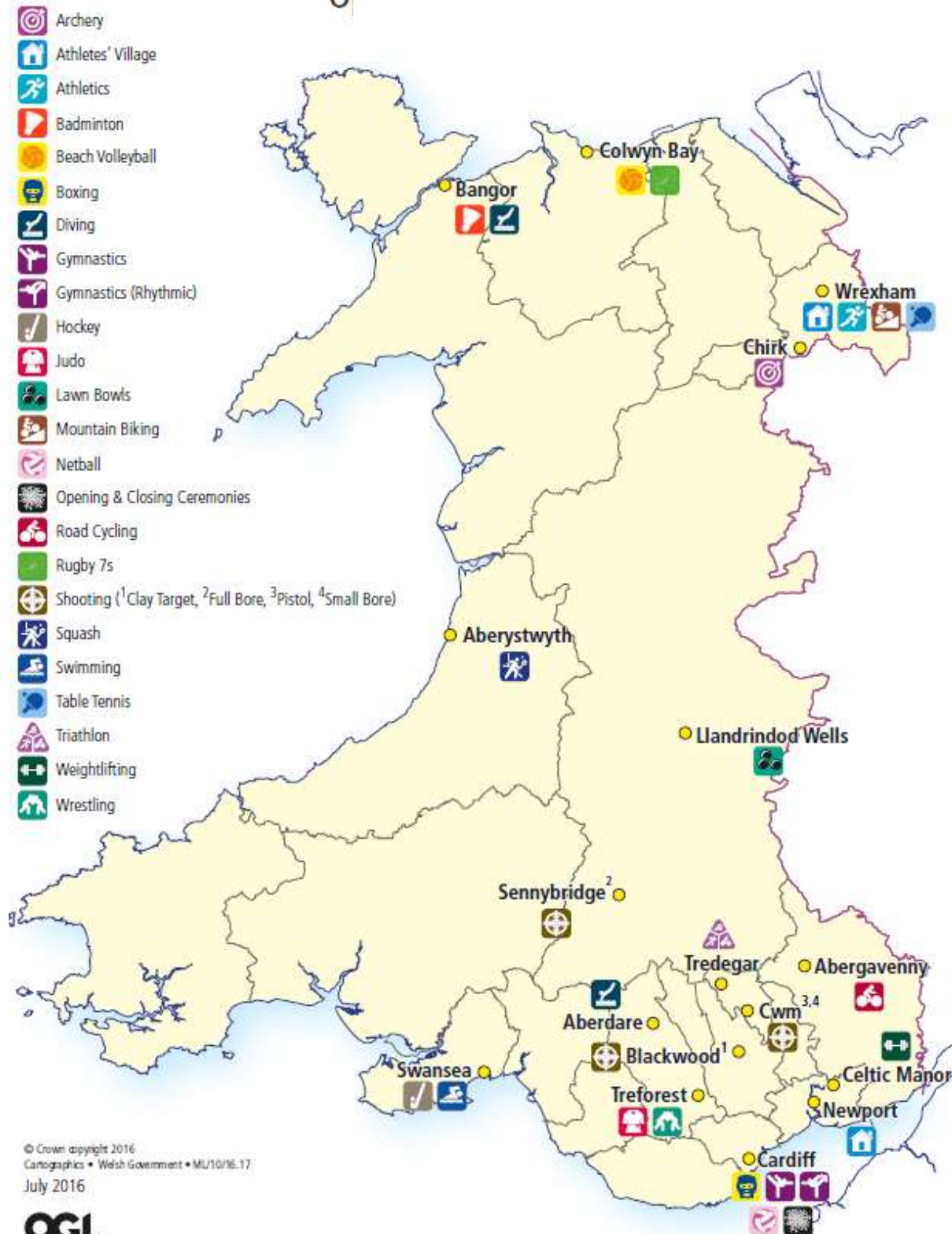


Figure 2: Joint North East / South East Wales Option

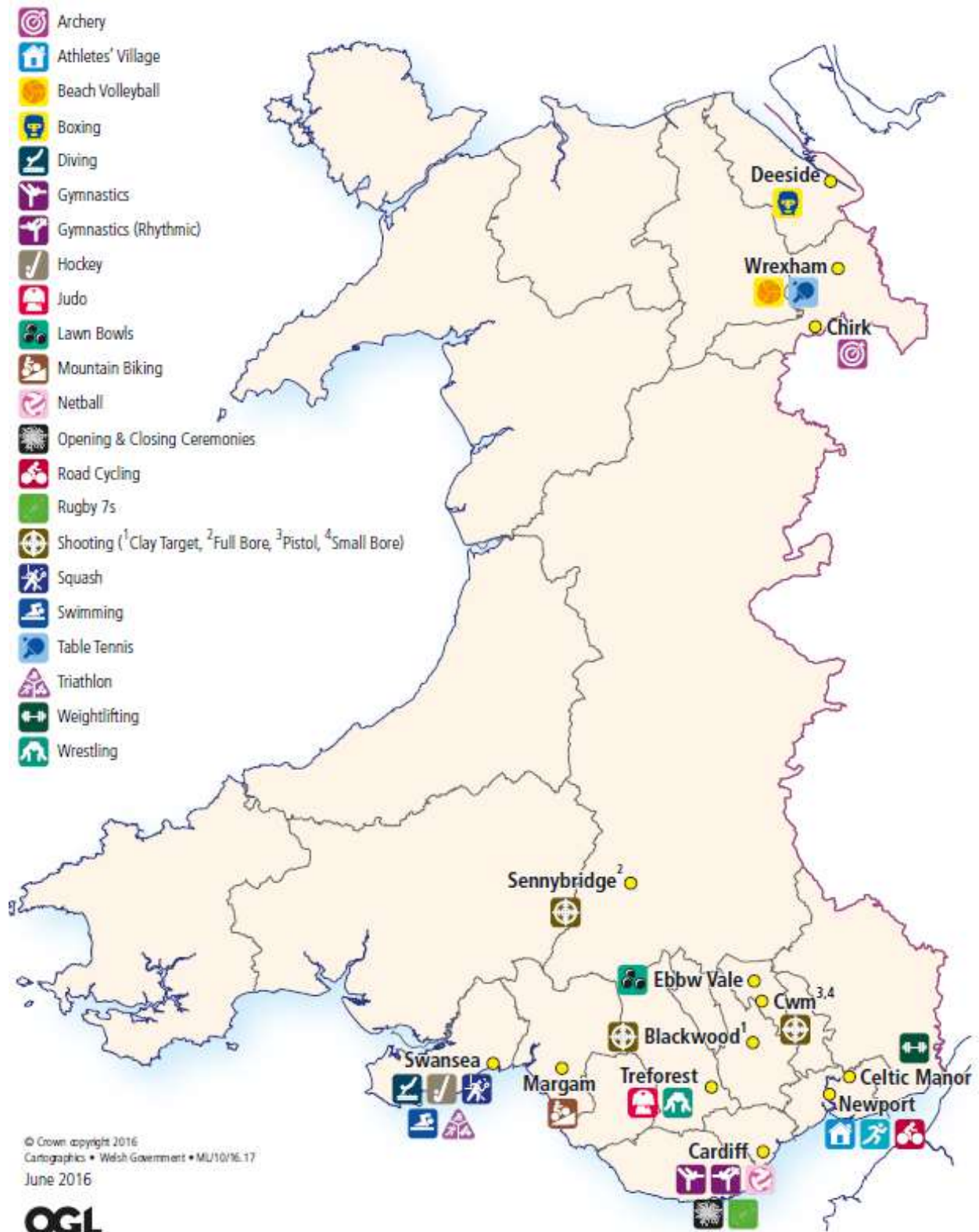


Figure 3: South East Wales Option



All Wales Option

10. To keep travel times as low as possible (at least within the 45 minute recommendation by the CGW) multiple accommodation sites would be required in an all-Wales option, including athletes' villages in the Wrexham / Deeside area, in Newport and in Swansea, as well as additional accommodation in Aberystwyth and Bangor.
11. Technical officials would be housed in other local university or hotel accommodation. Games Family and VIPs would need at least two high quality accommodation venues which would be both a duplication and potentially challenging to secure around some venues. Volunteers, Games operational staff, media and spectators would find their own accommodation. Security and policing teams would need to be transported in daily from other forces or private companies from across England and Wales.
12. The **cost** of an **all-Wales** option has been calculated as **between £1.296 and £1.542 billion by closedown in 2032** (range reflects potential inflation between 2016 and 2032 and a contingency budget of 24% developed from Treasury Green Book advice). On the basis of these estimates the all-Wales option would cost approximately £220 million more than a South East Wales option.
13. More importantly, CGW, who would need to submit any bid, have indicated they would not support a proposal for an all-Wales bid on the basis that:
 - it would not satisfy the requirements of the CGF Games Family who prefer to see events in a focussed area - to create a positive social event founded in sport;
 - it would mean a very disjointed network of events, with significant need for athletes to travel regularly in excess of the desirable 45 minutes leading to very negative athlete experiences; and
 - spectators would be widely dispersed with no central Games hub which would impact on the Games experience for example compared to Glasgow 2014.
14. In addition, CGW must consider the strength of any potential competing bidders for the 2026 Games where a single city bid, like Glasgow 2014, is likely to be more attractive to the CGF Games Family and voting nations.
15. On that basis CGW have concluded that an all-Wales bid would not meet the requirements or spirit of the CGF or the aspirations of the other Commonwealth Games Associations for their athletes and therefore an all-Wales proposal would not win and CGW would not support, and therefore not submit, an all-Wales bid.

Joint North East / South East Wales Option

16. Analysis was undertaken to develop a Games proposal with events in both North East Wales and South East Wales. Figure 2 presents the venue locations identified for the joint North East / South East Wales option.
17. The joint North East / South East Wales option has key advantages compared to the all-Wales model:
 - reduced costs (accommodation, travel, security);

- two lively hubs for supporters;
 - regeneration opportunity (to create a multi-use flexible space for exhibitions and concerts as well as sport events);
 - potential for legacy benefit to Wrexham Glyndwr University (e.g. creation of additional accommodation for para-athletes that could be used after the Games as accessible accommodation for students); and
 - ticket sales enhanced, via access to the North Wales and North West England markets.
18. The **cost** of a **North East / South East Wales option** has been calculated as **between £1.219 and £1.451 billion by closedown in 2032** (range reflects potential inflation as noted above).
19. Although less expensive than the all-Wales option, the North East / South East Wales option remains significantly more expensive (approximately £100 million) than a South East Wales only option. It is also less likely to be supported by the Commonwealth Games Associations of other countries. Whilst CGW believe the strongest bid, in terms of “winnability” remains the South East model, CGW would support a North East / South East Wales model as outlined in Figure 2 but believe the proposed split of sports to North Wales is at the limit of acceptability in terms of a winning bid.

South East Wales Option

20. It was clear from an early stage that a Cardiff only bid was not feasible in terms of required facilities and therefore, following constructive discussions with the CGF, detailed consideration was given to a South East Wales regional bid. Figure 3 presents the venue locations identified in a South East option across Swansea, Cardiff, Newport and the Valleys. In addition to the new builds common across all the options, a new facility for table tennis would be required located in Llandarcy.
21. The key advantage of the South East Wales option is the more compact nature of the Games. This would not only be preferred by athletes and spectators but would also result in reduced costs because there would be a smaller requirement for athletes’ accommodation, travel services and security provision. The South East Wales regional model was also seen as the most compelling bid option in terms of securing votes from the CGF Family but there were real concerns regarding ensuring the significant investment in the Games would deliver all-Wales benefits and therefore the All-Wales and joint North East / South East models were also given detailed consideration.
22. The **cost** of a **South East Wales option** has been calculated as **between £1.113 and £1.323 billion by closedown in 2032** (range reflects potential inflation as noted above). The South East model is therefore the least expensive of the three options.

Funding Requirements

23. Table 1 presents a summary of the costs calculated for the three options. CGF are working hard to reduce the cost of staging a Games, and the costs continue to fall. However, for Wales to bid and host a successful Games significant investment would be required in infrastructure as well as Games delivery, etc. In addition, in order to ensure the Games benefit the whole of Wales investment would be required in, for example, the active Wales journey and a comprehensive cultural programme. Table 1 therefore gives a full estimate of costs and has been developed in partnership with CGW.

Potential Local and UK Government Funding, Income and Value in Kind

24. Glasgow 2014 public funding was approximately 80% central government and 20% Glasgow City Council funded. In terms of a Wales bid no formal approaches have been made to the local authorities regarding funding but there has been wide engagement with those authorities impacted by the proposals. In addition the WLGA are on the steering group. There has been clear support for a bid but just as clearly the view is that given the enduring financial pressures securing direct local authority funding for the Games would be a challenge. Therefore at this time, there have been no commitments of funding from Local Authorities.
25. At a UK Government level the Secretary of State for Wales has publicly supported a bid but any support would be subject to detailed discussion and it is clear that the Glasgow 2014 model, where no UK Government funding was provided, sets the precedent for funding of the Games in devolved countries.
26. Glasgow 2014 figures (Audit Scotland, 2015) indicated commercial revenue streams generated £118 million including broadcasting rights. An estimate of £81 million (at 2016-prices) has been made in terms of a Wales 2026 Games. This figure is lower than Glasgow primarily because in discussion with CGF they have indicated they are proposing to take broadcasting rights arrangements in-house, this reduces income and costs.
27. It should also be noted that sponsorship generation in Wales has always been a challenge and probably a bigger challenge than the rest of the UK because there are not the same number of major companies with headquarters in Wales. For Glasgow 2014 the value-in-kind from sponsors was approximately half the total sponsorship figure achieved.

Table 1: Overall Costs for Each Option (not including income)

	Option 1 All-Wales	Option 2 North East / South East Wales	Option 3 South East Wales
	(£ million)	(£ million)	(£ million)
Athlete development	12	12	12
Allocated via Sport Wales to elite and talented athletes to build capacity to win medals.			
Cultural programme	52	52	52
Games-time cultural events, Queen's Baton Relay and longer-term community programmes.			
Regeneration legacy	154	154	148
Infrastructure for Games-time and in to the future, e.g. park and ride sites, station up-dates; opportunities to gain experience and skills; support for physical activity policy initiatives.			
Games delivery	400	390	334
Delivery company staff, legal and financial services, logistics and transport, technology, advertising, sponsorship and village operation.			
Venue (build)	145	147	136
Venue (overlay)	65	61	60
Venue Use Agreements	25	23	23
Village	66	38	37
Leasing units, undertaking necessary works to accommodate athletes and returning units afterwards.			
Security	120	100	90
Venue and village security, before and during the Games.			
Bid	6	6	6
Contingency @ 24% (2016 prices)	251	236	215

	Option 1 All-Wales (£ million)	Option 2 North East / South East Wales (£ million)	Option 3 South East Wales (£ million)
TOTAL (2016 prices, including 24% contingency)	1,296	1,219	1,113
TOTAL (by closedown in 2032 incl. 24% contingency & inflation)	1,542	1,451	1,323

Economic Rates of Return

28. The economic rate of return was investigated as part of the detailed feasibility study. The forecast figures were in-line with the findings of the Glasgow 2014 Games economic evaluation. Taking in to account displacement, deadweight effects and the impact of discounting future costs and benefits, the rate of return for Glasgow 2014 was in effect 1 to 1. Any decision to bid for a Games would not simply be based on economic rates of return. Wider benefits would need to be taken into account (see below) and strong arguments are made that Glasgow 2014 boosted the reputation of the city, and Scotland more generally, and raised the profile of both as locations for inward investment and tourism.

Potential Benefits

29. A wide range of potential benefits could result from holding the Commonwealth Games in Wales in 2026. In summary the four key potential areas and related issues are:
- **Raise the profile of Wales on a world stage**
30. Holding the 2026 Games would be used to strengthen international perceptions of Wales as a confident and independent nation – a place to visit, learn, do business and hold major events, and build a sense of pride and “feel-good factor” for all citizens of Wales.
31. The counter-balance is that the Commonwealth countries are not currently the primary target markets for Wales in terms of business and tourism.
- **Positive economic impact**
32. The delivery of the Games could provide a short-term boost in economic activity, gross value added (GVA) and gross domestic product (GDP), by developing venues, delivering the Games, increasing revenues for local businesses and increasing job opportunities. Over a longer-term, the development and back-drop of the Games could help develop long-term business links and relationships, encouraging sustained

increases in visitor numbers. There would also be increased opportunities for training, apprenticeships and skills development in a wide range of employment sectors.

33. However, evidence on value for money from the evaluation of the Commonwealth Games held in Glasgow 2014 indicates that these short term economic impacts are likely to be of a broadly similar scale as would be derived from any government investment of equivalent size.
34. In the longer-term, there is little evidence that the Games would have a positive impact on the wider economy. Economic return resulting from investment in infrastructure brought forward to accommodate the Games by a specific deadline are positive, but are not the direct result of the Games.
35. Other benefits would therefore be key to realising the potential overall benefits of holding the Games.

- **Drawing forward investment in infrastructure**

36. Holding the Games would create a non-negotiable dead-line for the delivery of a number of key infrastructure projects crucial to maximising the success of the Games. For example, the first phases of the South Wales Metro and the proposed M4 relief road. It could also act as a catalyst to other infrastructure schemes which might not otherwise come forward such as an iconic refurbishment of Cardiff Central Station and other important public transport and park and ride facilities that would have longer-term legacy benefits. The Games would then be used to showcase the improved infrastructure of the region to potential investors.
37. However the level of financial commitment required over the next ten years to deliver all these projects and deliver the Games would be unprecedented, extremely challenging and allow almost no flexibility in budget allocation should Government priorities change over the intervening years.

- **Positive impact on health**

38. The development and delivery of the Games would be used as the catalyst to deliver a once in a lifetime initiative to promote and facilitate opportunities to increase participation in sport and physical activity. This would be done across Wales by, for example, investment in community-based sports and other physical activity hubs, challenging negative attitudes, increasing engagement and participation and contributing to a sustained improvement in health with a particular focus on tackling obesity.
39. There is currently no clear evidence that holding major sporting events leads to sustained increases in physical activity or increased participation in sport. It is too early to reach conclusions in terms of the impacts of the Glasgow 2014 Games but evidence from the London 2012 Olympics suggests that the Games did not lead to the targeted increases. Stakeholders in Wales are confident that a sustained and wide-spread programme of investment at the community level linked to the Games would deliver on the physical activity agenda and produce significant health benefits but it will be a

challenge and investment in the physical activity agenda could be delivered without the catalyst of a Games.

Legal Powers and Legislation

40. In order to hold the Commonwealth Games in Wales, it is likely that primary legislation would be required, elements of which may need to be progressed through the UK Parliament, depending upon its content. The time needed to develop and agree the legislation could potentially be in the region of two years, from initial policy development until the legislation comes in to force. This will depend upon the content and length of the legislation and available Parliamentary/Assembly time. As the required legislation must be ready to be approved on the day the Commonwealth Games Federation awards the Games, the start date for this work would need to be early to mid-2017. There would be a cost associated with this work if additional resource needs to be procured.

Introduction

1. This feasibility study responds to the commitment TR 198 of the *Programme for Government* (2011 – 2016) “To explore the feasibility of bidding to host the Commonwealth Games in 2026”.

Commonwealth Games

2. The Commonwealth Games is held every four years. In the northern hemisphere they are traditionally held at the end of July and start of August - the start of the school summer holidays - over a period of 11 days. There are currently 53 members of the Commonwealth of Nations with up to 71 teams participating as “nations, territories and dependents” of members.
3. There are 23 core events approved by the Commonwealth Games Federation including four para-events that must be held at every Games. The host nation can then add optional sports up to a maximum size of the Games of 4,500 athletes.
4. The Vision of the Commonwealth Games Federation is “Building peaceful, sustainable and prosperous communities globally by inspiring Commonwealth Athletes to drive the impact and ambition of all Commonwealth Citizens through Sport”.

Structure of Feasibility Report

5. This report of the feasibility work broadly follows the structure of the Treasury’s five-case *Better Business Case* guidance:
 - Strategic Case
 - Economic Case
 - Commercial Case
 - Financial Case
 - Management Case

Strategic Case

6. The Strategic Case outlines the strategic context within which the proposal to hold the 2026 Commonwealth Games in Wales would sit. This section is presented in six parts; they provide an outline of:
- partners who would be involved in the development and delivery of the proposals;
 - relevant Government policies grouped under the headings of the strategic objectives for the Games;
 - evidence of the need to change, i.e. to invest public money;
 - legal powers and legislation required to deliver the Games and what that would mean for Wales;
 - potential benefits of holding the Games in Wales; and
 - potential risks, constraints and dependencies that have been identified to-date in relation to the development and delivery of the Commonwealth Games in Wales in 2026.

Key Partners

Welsh Government

7. The Welsh Government is the devolved Government for Wales. It is responsible for making decisions and ensuring delivery on the areas devolved to Wales as set out in Schedule 7 of the Government of Wales Act 2006 including education, health, local government, transport, planning, economic development, social services, culture, Welsh language, environment, agriculture and rural affairs. The British Government retains responsibility for UK-wide areas such as police, prisons and the justice system, tax, defence, national security foreign policy and benefits.
8. Welsh Ministers have the power under section 60 of the Government of Wales Act 2006 (c.32) Part 2 to: *do anything they consider appropriate to achieve the promotion or improvement of the economic well-being of Wales.*
9. Relevant legal powers are set out in section 1 (economic development of Wales, promote Wales as a location for businesses) of the Welsh Development Agency Act 1975 and section 61(j) (Sport and recreational activities), and section 70 (financial assistance) of the Government of Wales Act 2006.

Commonwealth Games Wales

10. The Commonwealth Games Council for Wales (CGW) is the national body entrusted to select and send a team of world class athletes to compete for Wales at the Commonwealth Games and Commonwealth Youth Games. Alongside 71 Commonwealth Games Associations, Wales is a member of the Commonwealth

Games Federation (CGF) and is one of only six nations to have competed at every Commonwealth Games, previously known as the Empire Games, since 1930.

11. CGW is managed by its Council comprising representatives from all sports that can attend a Commonwealth Games. A new Board is elected every four years after each Games. CGW receives a funding allocation from the Welsh Government through their funding arrangements with Sport Wales.
12. CGW is the only body who can submit a bid to the CGF to hold the Commonwealth Games in Wales. Working in partnership with CGW has therefore been a vital factor in the development of the options considered in this feasibility study. In particular, their advice on technical design and potential win-ability of the options has been a crucial consideration.

Sport Wales

13. The Welsh Government directly funds a number of sponsored bodies including Sport Wales. Sport Wales is the national organisation responsible for developing and promoting sport and physical activity in Wales. It is the main adviser on sporting matters to the Welsh Government and is responsible for distributing National Lottery funds to both elite and grassroots sport across the country. The aims of Sport Wales are to both improve the level of sports participation at grassroots level and provide aspiring athletes with the support required to compete successfully on the world stage.

Other Key Partners

14. A wide range of partners would be required to complete the successful delivery of a Games (see Table 5: Examples of Dependencies – What other parties will have to do). The key partners would be the local authorities (i.e. Cardiff, Swansea, Newport plus others depending on the Games option being proposed), venue owners, the universities where events would be held, accommodation for athletes and technical officials provided. Key stakeholders have been consulted in individual meetings and as part of the Commonwealth Games Feasibility Steering Group. The feasibility Steering Group comprises these representatives plus others from Sport Wales, CGW and officials from a range of departments across the Welsh Government. Since 2011 the Steering Group has met 15 times.

Key Policies Supported

15. The following sections outline strategic Welsh Government documents within which the proposal to hold the Commonwealth Games in 2026 would sit. They are grouped in relation to the strategic objectives of the Games.
16. The *Well-being of Future Generations (Wales) Act 2015* sets out the Welsh Government's over-arching commitments to improve the social, economic, environmental and cultural well-being of Wales. The Act places a duty on public bodies to make decisions on social, environmental, economic and cultural well-being to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. The Well-being Goals are:

- ① A prosperous Wales
- ② A resilient Wales
- ③ A healthier Wales
- ④ A more equal Wales
- ⑤ A Wales of cohesive communities
- ⑥ A Wales of vibrant culture and thriving Welsh language
- ⑦ A globally responsible Wales

Raise the Profile of Wales on a Global Stage

17. The Welsh Government has published two key strategic documents: the *Strategy for Tourism 2013 – 2020 Partnership for Growth* (2013) and *Events Wales: A Major Events Strategy for Wales 2010 – 2020* (2010).
18. Tourism is a key sector of the economy of Wales and has an impact on every community across the country. It also has impacts across a wide range of Government policy including skills, employment, planning, regeneration, heritage, culture, transport, retail and agriculture. The *Strategy for Tourism 2013 – 2020 Partnership for Growth* (2013) seeks to drive higher earning from tourism to deliver maximum value for the Welsh economy and support the following priorities for tourism defined in the Welsh Government's *Programme for Government* (2011 - 2016):
 - develop tourism activity and specialist markets and secure maximum benefit from major events in our high profit venues;
 - promote Wales as a destination by making a high quality tourism offer;
 - work to extend the tourism season and associated benefits;
 - identify funding opportunities to improve the visitor infrastructure and product in Wales; and
 - support investment in staff training and management to support a high quality tourism industry.
19. Tourism is a global industry and highly competitive. Evidence reported by Audit Scotland (2015)¹ indicated that the 2014 Glasgow Games had an estimated global TV audience of 1.5 billion, consistent with estimated viewing figures for Melbourne 2006 and half a billion more than for Manchester 2002. These figures show that holding the 2026 Commonwealth Games could provide a significant opportunity to promote Wales prominently to UK and overseas Commonwealth markets.
20. The 2020 vision for Wales set out in the *Major Events Strategy* (2010) states “Wales recognised as a consistently outstanding destination for major events”. The mission statement says “Developing a balanced and sustainable portfolio of major events which

¹ http://www.audit-scotland.gov.uk/docs/central/2015/nr_150312_commonwealth_games_third.pdf

enhances Wales' international reputation and the wellbeing of its people and communities.”

21. Major international events influence the way we see Wales and the world, and how the world sees us. Building a positive external reputation and brand image for Wales is an important challenge for the Welsh Government. A successfully delivered Games could contribute directly to a wide range of economic, social, cultural and legacy benefits for the whole country.

A Positive Economic Impact

22. The Welsh Government's priorities for economic development were set out in the *Programme for Government (2011 – 2016)*. Five key areas can be identified:
 - investing in high quality and sustainable infrastructure;
 - making Wales a more attractive place to do business;
 - broadening and deepening the skills base;
 - encouraging innovation; and
 - targeting business support.
23. The Welsh Government has a number of initiatives across Wales to encourage growth for business. A key tenet is focussing investment to generate growth and jobs. Over the last few years particular incentives have included:
 - Growth zones;
 - Enterprise zones; and
 - City regions.
24. The City Region concept is designed to encourage local authorities, businesses and other key actors such as universities within the functional economic hinterland of the major conurbation to work together and collaborate on projects and plans for the area. The aim of this work is to enhance the potential for economic development success and job creation opportunities across the area. Boards were then created to oversee the next steps of their city region development, to bring together key partners and develop strategic frameworks to support economic development.
25. Initial discussions with the Cardiff Capital Region Board about the possible opportunities a Games could present were positive, in particular it was felt that the South East Wales model for the 2026 Games could help to support and build the Capital City Region. It was clear, however, that there was unlikely to be any financial support available to deliver the Games.

A Positive Impact on Health and Physical Activity

26. The Welsh Government committed in its *Programme for Government (2011 - 2016)* to widen access and encourage greater participation in sport with programmes targeted at increasing physical activity. The following are key policy documents in this area:

Climbing Higher (2005)

Creating an Active Wales (2009)

Vision for Sport in Wales (Sport Wales, 2011)

Sport Wales Community Sport Strategy (2012)

Elite Sport Strategy (Sport Wales, 2015)

27. *Climbing Higher* (2005) and *Creating an Active Wales* (2009) identify the need to increase levels of physical activity, particularly in the adult population and especially in areas of deprivation. *Creating an Active Wales* (2009) sets the Government physical activity targets which are also adopted in the *Programme for Government* (2011 – 2016). The targets are:
 - to increase the number of physically active adults in Wales from 30% encouraging more adults to do ‘one day more’²
 - to have an impact on the *Climbing Higher* (2005) target and increasing the number of adults participating in sport and active recreation from 70%³
28. *Creating an Active Wales* (2009) sets out as one of its visions, “that the majority of children and adults regularly use leisure facilities and sports clubs”.
29. In addition to the policies outlined above, the Welsh Government Programme Director for Health and Physical Activity⁴ is considering proposals to put in place the necessary governance and policy changes that will ensure a wide range of policy areas are able to work together to achieve large scale changes in physical activity and see the benefits associated with being more active:
 - clear alignment of purpose and resource across all Welsh Government Departments;
 - leadership from the public sector; and
 - robust arrangements for monitoring progress and evaluating outcomes.
30. Key elements of the proposal might include:
 - Physical activity should be a priority in the Programme for Government;

² *Programme for Government* (2011 - 2016) and *Creating an Active Wales* (2009) target to shift the average point of activity (5 days a week x 30 minutes for adults) from 2.4 to 3.4 by 2020.

³ *Programme for Government* (2011 - 2016) and *Creating an Active Wales* targets based upon Sport Wales Active Adults Survey 2012 which reported an increase from 60% (2008 survey) to 70% (2012 survey) of adults participating in sport and physical recreation in the previous 4 weeks

⁴ The post of Programme Director for Health and Physical Activity was created in August 2015 as a joint appointment by Public Health Wales, the Welsh Government and Sport Wales. The purpose of this role is to lead efforts to improve the health of the population by making Wales a more active nation bringing together a co-ordinated approach in a range of policies: transport, education, social justice, health, housing and economic regeneration.

- That by 2026 at least 65% of the population would meet the recommended weekly levels of physical activity⁵;
 - Ensure all schools provide access to and opportunities for 120 minutes of high quality, comprehensive physical education per week, embedding the physical literacy framework within their delivery; and
 - A strategic ten-year plan should be developed, funded and implemented, that would set clear outcomes and goals for physical activity to support people in every community to enjoy being active.
31. The policy proposes might include the creation of a robustly monitored social fund. Communities (local sports clubs, voluntary and community organisations, community councils and schools) would apply to the fund with clearly justified proposals to increase participation in sport, volunteering or other engagement in increased physical activity to a level that will have measureable benefits to health. The programme would run on a three-year rolling schedule.
32. If agreed, this new strategy would form the basis of key activities across Wales that would be funded as part of the legacy programme included in the cost of Games development and delivery. The aim would be that the Games would be the goal to celebrate a noticeable change in community engagement in physical activity and in progress towards the targets of at least 65% of the population meeting the recommended weekly levels of physical activity by 2026.
33. The stimulus of the Games would aim to challenge all individuals, communities, schools and employers across Wales to participate and get active.

Comparison of Well-being Goals and Strategic Objectives for Wales Games

34. Taking account of the benefits and challenges around the bid, an initial analysis of the Well-being Goals and the Games strategic objectives identified for Wales was undertaken. Table 1 presents the objectives of the proposal to hold a Commonwealth Games in Wales in 2026 alongside the Well-being Goals. Table 2 outlines how the Commonwealth Games proposals for Wales could help support the Well-being Goals.

⁵ At present only 36% of men and 23% of women in Wales get enough exercise based on the Chief Medical Officer's 2011 guidelines of achieving 30 minutes activity on at least five days a week.

Table 1: Linking the Objectives to the Well-being Goals

Proposal Objectives	Well-Being Act Goals
Raise the profile of Wales on the global stage	① ④ ⑥ ⑦
A positive economic impact: • help to bring forward regeneration infrastructure schemes; • facilitate job creation with Games contracts, and widespread provision and up-take of apprenticeships and training opportunities	① ④
A positive impact on health and physical activity.	② ③ ④ ⑤ ⑥

Table 2: Examples of How the Commonwealth Games Would Support Well-being Goals**A prosperous Wales**

Holding the Games would, during Games time, boost short-term economic activity in the service and tourism sectors as well as facilitate training for a wide-range of participation and volunteering opportunities. In the years leading to the Games, jobs would be created and opportunities for apprenticeships would be made available in a wide range of industries including construction leading to long term improvement in skills and job prospects. Holding the Games would raise the profile of Wales on the global stage both as a place to do business and encouraging increased numbers of visitors to the country before, during and after the event.

A resilient Wales

Planning for the Games would look to support the objectives of a resilient Wales by working to ensure, for example, that any new-builds give consideration in their design and construction to maintaining and if possible enhancing local natural biodiversity and safeguarding local ecosystems.

A healthier Wales

Holding the Games would be used as a catalyst for change, to challenge the trend in growing obesity and physical inactivity across Wales. The Games-time itself would promote athletes as role-models; the cultural and legacy programmes would work with schools and communities not only to create new facilities for grass-roots sports, but also offer training opportunities in sport and other healthy choices.

A more equal Wales

The legacy programme and cultural programme would help to enhance the opportunity for individuals to fulfil their potential – through engagement in community schemes, Games delivery, training and volunteering - no matter what their socio-economic background or circumstances.

A Wales of cohesive communities

The cultural programme would contribute to building a sense of place and community across Wales that is attractive, viable, safe and well-connected using the Games as a back-drop. Sport would help to bring people together.

A Wales of vibrant culture and thriving Welsh language

The cultural programme is a vital and integrated part of holding the Commonwealth Games. It would be developed with partners across Wales to ensure that it helps to promote and protect culture, heritage and the Welsh language, and in particular encourages people to participate in the arts, and sports and recreation.

A globally responsible Wales

The Commonwealth Games would welcome 71 countries, 7,000 athletes and their supporting teams, and over three quarters of a million spectators to visit Wales. In developing the bid and holding the Commonwealth Games the work would take clear account of how it would make a positive contribution to being globally responsible.

The Case for Change**Tourism**

35. In January 2016 the Tourism Advisory Board received a report of key trends, market prospects and review of strategic growth targets for tourism to up-date the evidence base prepared for the *Strategy for Tourism 2013 – 2020 Partnership for Growth* (2013). It reported:
 - Wales has good market awareness in the UK and is seen as a holiday destination for scenic explorers, older cultural explorers and to people living in Wales, North West England and the West Midlands. Awareness is weaker in south east England and especially with people living in London;
 - Wales has a core set of loyal domestic holiday visitors who intend to visit Wales again in the near future;
 - Recent visitors reported Wales as friendly, exciting, value for money, out of the ordinary and stylish;
 - people who had not visited Wales were more likely to report they had no knowledge of what Wales had to offer;
36. Overall, the UK market supplies 90% of visitors to Wales and the vast majority of inward investment.
37. Tourism is by far the largest sector for employment and creation of jobs for 16-24 year olds in Wales and supports economic wellbeing across all parts of Wales. Going forwards, activity should support growing opportunities in this area so people can a)

stay employed in tourism longer, and b) don't move on at the end of the season leaving the need for new people to be trained again the following year.

38. There remain challenges in terms of awareness and understanding of Wales in a number of countries and some markets have out-dated impressions of heavy industry, castles, male voice choirs, national costume, etc. Awareness of Wales as an attractive visitor destination is stronger in key European Markets and in some Commonwealth countries, where visitation levels are higher. Where awareness is low, holding the Commonwealth Games in Wales in 2026 would provide a platform to challenge perceived stereotypes of what Wales has to offer not only as a place to visit but also as a place to learn and do business in.
39. The counter-balance is that the Commonwealth countries are not currently the primary target markets for Wales in terms of business and tourism.

Health and Physical Activity

40. The statistics for the health of the population of Wales raise a number of concerns. Holding the Commonwealth Games in Wales could help tackle those challenges by changing the negative perceptions of sport and physical activity, and helping to generate interest in sport and opportunities to engage and participate in physical activity with consequent long-term positive benefits on health. Further information relating to the challenges of health and physical activity in Wales is presented below.

Obesity

41. The *Wales Health Survey 2014* (2015) reported that 58% of adults in Wales were overweight (BMI of 25 and over) including 22% of adults who were obese (BMI of 30 and over). Since the survey began in 2003, obesity levels have increased from 54% and 18% respectively, although levels did not appear to have changed over the last two years. Four local authority areas in Wales have the highest proportion of overweight and obese people in the UK, the highest recorded average being 69% over-weight. In 2013, research published by the University of London reported that nearly two thirds of people in Wales in their early 40s were overweight or obese.
42. Obesity is a major public health concern. It is a direct cause of many health problems and places enormous demands on the NHS in Wales. Being overweight or obese increases the risk of a wide range of chronic diseases, principally type-2 diabetes, hypertension, cardiovascular disease including stroke, as well as some types of cancer. It can also impair a person's well-being, quality of life and ability to earn.
43. Poor diet and a sedentary lifestyle are the main causes of overweight and obesity. In 2013 a UK Government Study reported that the Welsh eat the most calories per person a day, as well as the most cholesterol and sugar.

Physical Activity

44. The Welsh Health Survey shows that 29% of adults reported being physically active⁶ (37% of men and 23% of women), and around 34% of adults not being physically active at all in the previous week. It has been estimated⁷ that the cost of physical inactivity to Wales is about £650 million per year.
45. Regular physical activity has many benefits to health, including mental health and wellbeing. People who are physically active have up to a 50% reduced risk of developing the major chronic diseases and between 20% and 30% reduced risk of premature death. Initiatives aimed at increasing levels of physical activity can therefore be seen as an important reason for Government intervention and investment.
46. Research⁸ published in 2015 presents a detailed analysis of 240 sport-related and 204 culture-related papers including the Culture and Sport Evidence (CASE) database to review the current evidence base on the social impacts of sport and culture. It also considered links to subjective wellbeing. There is clear evidence from this research of the health benefits of physical activity which prevent or reduce physical and mental health problems and save on health-care costs.
47. The proposal to hold the Commonwealth Games in Wales in 2026 could act as a catalyst to challenge and change the negative trends in evidence, as long as an integral part of hosting the Games is the journey, i.e. support at the grass roots level to communities to engage in sports and increased physical activity and where the Games itself is seen as a celebration across Wales of the result of the sustained positive change.

The Economy

48. The three indicators below present a picture of the economy in Wales.

Employment rate - Across the population of Wales (currently 3.168 million), the employment rate (all people aged 16-64 employed as a percentage of the population aged 16-64) was most recently recorded as 71.1%. This figure has increased from a low of 67% in 2009. The trend observed in Wales is similar to the overall UK trend, with the gap narrowing slightly over time. The recent increase in employment rate in Wales is the highest increase of the 12 UK countries and English regions.

Poverty Rate - Currently, 23% individuals in Wales live in poverty, defined as having an income below 60 per cent of UK median income. This rate is lower than in London and equal to the West Midlands, but is higher than the remaining 9 UK regions and countries. Poverty rates in Wales have generally been greater than the UK average

⁶ Did at least 30 minutes of at least moderate intensity physical activity on 5 or more days in the previous week. Welsh Health Survey 2013

⁷ Climbing Higher: an Active Creating Wales (W.G., 2009)

⁸ *A review of the Social Impacts of Culture and Sport* (Taylor, Davies, Wells, Gilbertson and Tayleur, 2015)

since 1998/99, but have followed the same, slight downward trend as the UK rate. Over the period between 1998-99 and 2014-15 Wales saw the poverty rate reduce by 2%. This was the equal seventh largest reduction of the UK countries and English regions, with the largest reduction being in the North East (7 percentage points), followed by Scotland (6 percentage points). All other regions and countries saw percentage point reductions between 1 and 4.

Gross Value Added - The most recent figure for gross value added per head for Wales is £17,573 which is 71.4 per cent of the UK average. It is the lowest of any other UK country or English region. As a proportion of the UK average, Gross Value Added per head in Wales has varied between 71 and 74 per cent of the UK average since devolution. This means that growth in Gross Value Added per head in Wales has broadly followed a similar path to growth for the UK over the period.

49. The proposal to hold the Commonwealth Games in Wales in 2026 could act as a significant short term boost to the economy of Wales by creating jobs over a wider range of sectors both in the lead-in to the Games and during the 11-day event itself. Creating jobs and offering opportunities for apprenticeships and volunteering could have a positive impact on individuals and on the economy.

Legal Powers and Legislation

50. In order to hold the Commonwealth Games the host city (nation) is required to enact primary legislation (Act of Parliament or Assembly Act if matters are covered by the Government of Wales Act 2006). Initial review by Welsh Government Legal Services has flagged-up that it may be necessary to ask the UK government to legislate on behalf of Wales to achieve the legal requirements of holding the Commonwealth Games in Wales.
51. A Commonwealth Games Act is likely to be required to cover:
 - Street trading
 - Advertising
 - Ticket touting
 - Enforcement of “games offences”
 - Power to enter and search property
 - Trial and punishment
 - Transport
 - Funding of the organising committee
 - Compulsory acquisition of land
52. It is clear from the list above that there is a mixture of devolved, partially devolved and non-devolved issues. Further work would be required, for example, to determine whether matters such as ticket touting come under the subject area of consumer protection (consumer protection is not devolved).

53. The Wales Bill, currently before Parliament, proposes a new Schedule setting out the areas that would be reserved so that only the UK Parliament could legislate on them; the Assembly would then be able to legislate on anything that does not fall under those reservations. While the Bill could be amended before it finally receives Royal Assent and becomes an Act, currently it proposes, e.g., that compulsory purchase should be a reserved matter. It also proposes that some aspects of road and rail transport are reserved, along with regulation of advertising. Further consideration would need to be given to the legislative powers if a bid for the Games is made. There is therefore a risk related the uncertainty regarding the scale of the work that will be required until the Wales Bill receives Royal Assent. The current estimate of this date is Easter 2018.
54. The Commonwealth Games Federation requires the host nation's Commonwealth Games Act to be passed as soon as the bid for the Games has been won (autumn 2019). In the region of two years would be required to develop and agree the legislation but it must be ready when the bid document is submitted in spring 2019. The development of the legislation is therefore part of the bid process and funded from that budget.

Benefits

55. A wide range of potential benefits could result from holding the Commonwealth Games in Wales in 2026. An initial summary of the potential benefits is presented in Table 3. These benefits were developed from review of the Glasgow 2014 Games evaluation reports and with input from key stakeholder discussions. Detailed engagement with stakeholders to develop a benefits realisation strategy would need to be undertaken at the very start of the Games delivery journey.
56. Further information regarding the potential short-term and long-term economic benefits of holding the Commonwealth Games, for example contributions to gross value added (GVA), is presented in the Economic Case. [In over-view](#), analysis suggests that in the short term there would be two main areas of economic impact:
 - Increased spending resulting from increased numbers of visitors to Wales; and
 - Increased economic activity resulting from construction and other contracts in preparation for and delivery of the Games.
57. In summary, the potential benefits are primarily related to opportunities to increase revenue. There is also the opportunity for the public sector to work more efficiently together to deliver high-profile projects. Benefits can also be experienced through the use of social benefit clauses in all Games-related contracts. These clauses would ensure that the consultants and contractors make provision for apprenticeships and other training opportunities as part of the work they have been procured to provide. Such training and apprenticeship opportunities would not be limited to the construction sector, but would be required from all contracts including marketing and promotion, catering, and others.
58. However, it should be noted that evidence on value for money from the evaluation of the Commonwealth Games held in Glasgow indicates that these short term economic

impacts are likely to be of a broadly similar scale as would be derived from any government investment of equivalent size such as road, rail and specific land regeneration projects.

59. The non-monetary benefits can be seen under four broad headings:
 - potential to raise the profile of Wales on a world stage as a place to visit, learn, do business and as a successful location to hold other major events both before and after the 2026 Games;
 - social and mental well-being benefits of being part of a successful, high-profile event through cultural events, volunteering and taking on new challenges associated with the physical activity journey to the Games;
 - provision of new and enhanced venues for both community and level physical and sporting activities;
 - provision of new and enhanced transport infrastructure and public realm facilities that provide long-term benefits to local communities in their daily lives before, during and after the Games; and
 - help to sell Wales as a place to do business because of its great infrastructure.
60. Holding the Commonwealth Games in Wales in 2026 could be used as a nexus around which to build a strong and joined up activity plan for Wales in partnership with Sport Wales, NHS, local government and third sector to develop more active communities.
61. The journey to the Commonwealth Games could be the potential to effect a step-change in the rates of participation in sport as well as levels of physical activity that could produce a measurable effect on the health and well-being of the citizens of Wales. The Welsh Government could, for example, use the back-drop of the Games to initiate a step-change in the way schools are used by the community outside the traditional school day in particular to use the sports facilities as well as opening up opportunities to generate localised income for the school from users.
62. There is also the argument that increased participation in sport and physical activity can be linked directly to improved academic outcomes and attainment, for example in his *Independent Review of Curriculum and Assessment Arrangements in Wales* (Feb. 2015) where Professor Graham Donaldson gave prominence to health and well-being as one of the six key areas of learning and experience recommended for the new curriculum. It clearly highlights the need to ensure that the education process in Wales produces healthy and confident individuals who are active and physically literate during their school years and who have the skills to live and behave as adults in ways that enable them to be far more responsible for their own health and well-being.

Wider Potential Reputational Benefits

63. Evidence reviewed by the Scottish Government⁹ suggests that previous Commonwealth Games and Olympic Games hosts believe that holding events of this

⁹ http://olympicstudies.uab.es/pdf/wp084_eng.pdf

nature can result in significant positive international exposure and enhancement to the reputation of a city.

64. Holding the Games would show the world that Wales is a nation of aspiration, confident in its ability to host the biggest events in international sports. The Wales proposals could also transform the future of the Commonwealth Games themselves by demonstrating the innovative way countries of any size can bid for, win and stage these global iconic events.

Table 3: Initial Summary of Benefits

Monetary	Non-Monetary
To Welsh Government: - Increased contribution to gross value added (GVA) as a result of both temporary and permanent job creation. - Increased contribution to gross domestic product (GDP) as a result of more visitors to Wales. - Reduction in number of people receiving benefit payments. - An impetus to the public sector to work more closely together to identify new ways of working including bringing together leisure, regeneration, education, community and other services to deliver commonly agreed outcomes more efficiently both for the Games and in future work areas. To private sector: - Increased economic activity and revenue as a result of new contacts and increased numbers of customers: food, drink, accommodation, entertainment, travel, etc. - Increased use of sports facilities leading to increased revenue to owners. - Increased use of new public transport facilities leading to increased revenue opportunities for operators. - Increased interest in Wales as a place to visit, learn and do business leading to new money coming to Wales that would not have otherwise, for example foreign students attending university in Wales. To individuals: - Increased number of employment	- Raising the profile of Wales on the global stage as a place to visit, learn and do business, and as a successful location to hold other major sporting events - Could result in increased tourism revenue that would not have happened otherwise. Could be measured in terms of position of Wales on the Nation Brands Index. - The “feel good” factor - health and mental well-being, contributing to the creation of cohesive communities. - Opportunities for individuals and companies to volunteer for cultural and sporting activities, including opportunities to learn new skills and build social confidence. - Cultural benefits – bringing Wales together as individuals and communities engage in Wales-wide events in the 18 months lead in to the Games. - Opportunities to develop and participate in cultural events of all sorts that would not otherwise have happened without the Games budget. - Encouraging and sustaining increased levels of physical activity leading to a healthier population and releasing health service budgets to target other areas. - Investment in community-based sport and other physical activity hubs leading to greater engagement and participation at the community level. - Sports venues enhanced / new venues added that could be scaled up to hold future major events or reduced for community use. For example, hockey, shooting, lawn bowls. - Creation of new training and apprenticeship opportunities will result in increased levels of skills for previously long-term unemployed. - Investment in higher level coaching and training

Monetary	Non-Monetary
opportunities in all sectors involved in preparing for and delivering the Games. In particular, the robust use of social benefit clauses in all Games-let contracts would have a significant impact on achieving this benefit.	for athletes leading to a long-term increase in ability to teach and achieve in professional sports. • If successful, the sustained investment in encouraging increased physical activity as an integral part of the journey to deliver the Games could result in Wales being the first country in reverse the trend of physical inactivity in young people. • Opportunities to tie in education with the Games – lessons plans, visits, and work experience. • Opportunities for more active and sustainable travel choices as a result of more facilities being in place both at Games time and afterwards. • Benefits to city / town centres as a result of reduced congestion and a cleaner environment as more people make active and sustainable travel choices. • Creates a non-negotiable dead-line for the delivery of a number of key infrastructure projects crucial to maximising the success of the Games, e.g. South Wales Metro and new section of M4 around Newport.

Risks, Constraints and Dependencies

Risks

65. A full risk register, management and mitigation strategy would be developed as part of Games delivery. For the purposes of this feasibility study, however, an initial summary of risks has been identified to-date (Table 4). These risks will apply from 2017, on the basis that Wales would be bidding on the presumption of winning, to 2032 when the venues are handed back to the owners, assets sold, and the cultural and legacy grant and monitoring programmes come to an end.

Table 4: Initial Summary of Risks

Ref.	Description
R1	Budget Commitment – Failure to secure commitment to the budget necessary for the bidding, development, delivery and monitoring period (potentially 2016 and 2032), and also for the allied activities of promoting the profile of Wales alongside the Games – resulting in the need to manage-down the scope and aspirations of the Games, leading to a reduction in the economic and social benefits resulting from the Games in Wales, and reputational damage to both the Welsh Government and Wales.

Ref.	Description
R2	Calculation of Games Costs – Failure to calculate accurately the cost to the Welsh Government of holding the Games – leading to inaccurate advice and a decision to proceed with the Games without sufficient funds being available. As a result, the delivery of the Games would require increasing amounts of funding to be found with consequent negative impacts both on other budgets and on the reputation of the Welsh Government to be able to manage the planning and delivery of the Games.
R3	Games Delivery Deadline – Failure to meet the non-negotiable deadline for the delivery of the Games have a disastrous negative impact and long-term implications on the reputation of the Welsh Government and of Wales across the world. To avoid this outcome, if the development and delivery programme were poorly managed, the Welsh Government would need to allocate significant additional budget – leading to negative impacts both on other budgets and on the reputation of the Welsh Government to be able to manage the planning and delivery of the Games..
R4	New Venue Construction – Failure to identify the necessary locations, secure agreement with the owners produce robust specifications for the sporting and non-sporting venues – resulting in both increased costs for the Welsh Government and delay in delivering the venues, leading to reputational damage. This risk includes the failure of third parties to deliver their proposed venues, i.e. Celtic Manor convention centre and a new arena in Cardiff, that are required for the successful delivery of the Games – leading to increased cost for the Welsh Government in order to find alternative locations or help deliver the original venue and potential reputational damage for the Welsh Government regarding ability to manage the planning and delivery of the Games.
R5	Venue Use Agreements – Failure to secure up to 31 appropriately robust and flexible venue use agreements early in the Games development process – resulting in increased costs to the Welsh Government as well as potential reputational damage. This risk includes failure to ensure within the venue use agreements that venue owners invest in maintenance and/or improvement works at their site over the years leading to the Games – leading to increased costs to the Welsh Government of holding the Games.
R6	Games Delivery Commitments and Contracts – Failure to allocate sufficient resources to negotiating Games delivery contracts and agreements, for example with accommodation providers – resulting in increased costs later when deadlines have to be met.
R7	Legislation – Failure to allocate sufficient resources to the development of the necessary legislation – resulting in delays in completing the work and later cost increases when deadlines have to be met in much tighter timescales.
R8	State Aid and Tax – Insufficient or inaccurate understanding of State Aid or tax rules – resulting in unexpected additional legal or other costs as well as leading to negative publicity for the Welsh Government.
R9	Security – Failure to secure agreement with the UK Government to fund the cost of safety and security provision for the Games – resulting in the potential for cost increases that will have to be funded by the Welsh Government should the level of threat be reviewed and raised nearer Games time by UK Government.
R10	Games Transport Services – Failure to engage with transport providers early in the Games development process in order to develop and deliver appropriate and robust services during the Games – resulting in increased costs later, failure of the transport services for athletes, officials and spectators, loss of income, negative publicity and reputational damage to Wales.

Ref.	Description
R11	Transport Infrastructure – Failure to engage with other Welsh Government Departments, local authorities and Network Rail to ensure planned infrastructure developments are delivered in good time for the Games – resulting in either enhancements not provided in time for the Games, or construction work still being underway. This could have a significant impact on the ability to deliver a successful Games and on the reputation of Wales to the visitors and world-wide spectators. Under this heading there is also the risk that the level of financial commitment required over the next ten years to deliver all these projects and deliver the Games would be unprecedented, extremely challenging and allow almost no flexibility in budget allocation should Government priorities change over the intervening years.
R12	Implication of Spending Commitments – Failure to make the necessary agreements and budgetary arrangements to accommodate the cost of the Games in the wider “business as usual” activities of the Welsh Government – leading to unforeseen impacts on these activities and consequent implications for ability to deliver other important services. In addition, the spending commitment on the Games could influence spending-prioritisation in an adverse way so that projects that are perceived to be a requirement for the Games get priority over projects that might in fact offer better long term economic returns.
R13	Support – Failure to secure press, public and all-party all-Wales political support for the Games – resulting in negative publicity, reputational damage to the chances of winning a bid, Wales and Welsh Government and a reduction in the economic and social benefits resulting from the Games in Wales because there is less support..
R14	Sponsorship and Income- Failure to secure financial and value-in-kind sponsorship from private companies, failure to secure good ticket sales, failure to secure robust broadcasting deals – resulting in a lack of television coverage and leading to the Welsh Government having to finance the full cost of the Games and leading to consequent negative budget implications in other Departmental areas.
R15	Partnership Working – Failure to engage successfully across Welsh Government departments and with private sector suppliers and sponsors in the development and delivery of the Games – resulting on lost opportunities to capitalise on potential efficiency savings and to build business relationships for future projects.
R16	Skills and Expertise – Failure to identify whether there is a sufficient pool of skilled and experienced staff available particularly within Wales for all aspects of the Games work including legislation, management / leadership and delivery – resulting in failure to either invest in training and development or to secure external expertise. This could lead either to a poorly delivered Games, or to significant cost increases over time as external expertise would have to be purchased within tight time-scales.
R17	Inclusion and Social Benefit – Failure to commit to taking all opportunities to secure social benefits within the contractual arrangement across Wales for Games delivery, promote social inclusion in all aspects of Games development and delivery – resulting in missed opportunities for positive long-term well-being effects.
R18	Successful Delivery – Failure to deliver a successful Games in terms of output, or a Games that is seen to be successful – resulting in reputational damage to Wales and the Welsh Government, leading to a reduction in the economic and social benefits resulting from the Games in Wales.
R19	Benefits Realisation – Failure to deliver benefits across Wales as a result of the 2026 Games leading to missed opportunities and potential reputational damage to the Welsh Government.

Constraints

66. Constraints are limiting parameters within which the investment must be delivered. For the Wales 2026 Commonwealth Games proposals these would be whether the Welsh Government has sufficient funding available; and the fact that there is a fixed and non-negotiable timeline for holding the event.

Dependencies

67. The ability to hold a successful Commonwealth Games in Wales in 2026 would be dependent on a significant number of activities being undertaken and completed that are the responsibility of third parties (external bodies or other departments within the Welsh Government) to complete. Examples of potential dependencies identified to-date are presented in Table 5. Underlying the specifics set out below, however, is the need for firm and continued commitment to delivering the Games and to funding the work required over three Assembly terms.

Decision Timeline

68. A bid for the 2026 Games must be made to the Commonwealth Games Federation by Commonwealth Games Wales in spring 2019. As bid development typically takes two years, the work of the dedicated bid committee (including CGW) would need to begin as early as possible in 2017. If Ministers make the decision to bid, allocation of budget for bid development (approximately £6 million) and a commitment to fund the 2026 Games delivery would need to be made as part of the next three-year Welsh Government budget cycle (2017/18 to 2019/20).
69. In addition to the need to make a decision in order to fit with Welsh Government budget planning cycles and the bid development process, a timely decision by Ministers would have two other potential benefits. If Ministers decide not to pursue a bid not only would CGW be able to focus on the 2018 Commonwealth Games without further uncertainty about whether Wales may bid for 2026, but also the decision would release other countries to make preparations for bidding who would not otherwise because have wanted to bid against Wales.

Table 5: Examples of Dependencies – What other parties will have to do

Who	Actions Depending on Third Parties
Commonwealth Games Wales (CGW)	CGW has vital roles to play in both the bid for the Games and in the delivery. Bid CGW is the only body allowed to bid for the Commonwealth Games to be held in Wales. They have a strategic role on the bid committee, leading involvement in structuring and writing the bid book with partners and having an over-sight of the bid book production. CGW would be responsible for marketing the bid within the Commonwealth Games Family - from low level lobbying ahead of the bid campaign and a leading role in the campaign itself. GCW would: • Liaise with individual Commonwealth Games Associations (CGAs) on specific questions and testing concepts within the bid; • Market the bid within Wales; • Build relationships with CGAs to increase support for Wales and the bid; • Liaise with the Commonwealth Games Federation (CGF) including negotiations on changes to the bid requirements; • Lead on all visits by CGAs to Wales and visits to specific venues, meetings, etc., the CGF bid seminar and 2018 wrap-up seminar, and the CGF evaluation committee visit; and • Have a leading role in the final presentation of the bid to the CGF. Games Delivery CGW would sit on the board of the Games Delivery Company providing advice and guidance on all aspects of the delivery as well as working closely with the Commonwealth Games Family acting as a liaison between them. CGW would sit on the Games Strategic Group (see Management Case) chaired by the First Minister to provide input to the scrutiny function of that Group. CGW would also invite and host other CGAs to Wales for the Games in order to maximise the potential of positive feed-back about the Games amongst the Games Family.
Welsh Government • Transport • Health	Departments asked to: • complete key transport schemes for which their committed budget will be required, for example the Cardiff City Metro and new section of M4 to south of Newport; and • design and implement Games-time management plans for the trunk road network to expediate the flow of spectators and mitigate negative impacts should negative incidents occur. • plan and invest their own budgets and deliver schemes that will work together with the aims and objectives of the Games to increase the level of physical activity across Wales; and • provide enhanced and tailored health service provision during Games time.

Who	Actions Depending on Third Parties
- Statistics - Tourism - Finance and procurement - Education	- provide data and analysis over a continuous period to allow monitoring and reporting progress towards the Games' objectives. - bring together tourism initiatives linked to the Commonwealth Games in support of the Games' objectives. - audit the project management, monitoring and compliance of the delivery and Games Delivery Company to ensure they are operating effectively and legally. - develop strong links with physical activity and health in the new Curriculum to build greater awareness and understanding of the inter-relationships for personal well-being.
Sport Wales	Asked to invest their own budget in addition to additional Games funding to facilitate elite athlete training, work with the sport governing bodies to achieve as high standards as possible, develop talented athlete pathways, and prepare them to win medals for Wales.
Private sector sponsorship	Asked to invest to sponsor the Games, second specialist staff to the Organising Company and offer other resources to help develop, promote and deliver the Games and its objectives.
Population of Wales	Asked to: - take part in all the activities and initiatives created during the journey to the Games, thus changing their attitudes to physical activity and improvements to the over-all health of the nation; - volunteer to work as Games champions during the Games; and - buy tickets for the Games and spend their money on food and drink, souvenirs and travel to attend the Games.
Transport providers	Asked to: - make big changes to their operating plans to accommodate the Games and invest their own time and resources into planning, working with colleagues and implementing temporary activities; - to plan their own big investments in infrastructure to fit the needs of hosting future major events, for example Cardiff Central Station proposals; and - complete planned infrastructure work to agreed deadlines, for example the Great Western Mainline electrification.
Local authorities and other venue owners	Asked to use their own budgets to: - provide public realm services, lighting, cleaning, waste management during Games time; - plan and manage road works to fit with Games delivery needs; and - develop and deliver local tourism and cultural events under the banner of the Wales Commonwealth Games that complement and synchronise with all other events in support of the objectives of holding the Games.

Economic Case

70. The purpose of the Economic Case is to present evidence and enable an assessment of the potential value for money of the proposals. It involves a combination of qualitative and quantitative assessment and analysis leading to a calculation of impacts of the Games options in terms of reporting how well the proposed options could meet the strategic objectives for Wales of holding the Games, jobs created, value of spend by visitors, and impact on Wales' gross value added (GVA).
71. The following four stage process was used to undertake this work:
- Identify critical success factors
 - Identify and assess long list
 - Identify short list
 - Assess short list
 - multi-criteria assessment of venue availability
 - development of costs for Games development, delivery and monitoring
 - assessment of Games options against the critical success factors
 - assessment of Games options against the strategic objectives
 - economic appraisal of costs and benefits

Identify Critical Success Factors

72. Critical success factors are the attributes essential to the successful delivery of a Commonwealth Games and against which the possible options were assessed. Nine critical success factors were identified as potential “show-stoppers” and were framed as the questions set out in Table 6. The results of the assessment of these critical success factors is presented as part of the work to assess the short-list, below.

Table 6: Critical Success Factors

Sporting and Non-Sporting Venues	Are the sporting and non-sporting venues available to hold the statutory Games events? If not, how much would they cost to build? Would the new buildings have legacy value or become “white elephants”?
Accommodation	Is there sufficient accommodation to the standard required by the Commonwealth Games Federation for the athletes, support teams, technical officials, Games Family, VIPs and media, etc.?
Athletes’ Village	Is there a suitable site available for the athletes’ village ?
Travel	Is it possible to travel from the proposed athletes’ accommodation sites to their competition venues with the required time (an expectation of no more than an hour and ideally no more than 45 minutes)?
Security and Policing	What security and policing provision will be required? How much will security and policing costs? How will security and policing be paid for? What logistics are required to obtain the security and policing resources?
Evidence of Economic Benefit	Is there evidence of potential economic benefit resulting from holding the Games?
Cost of Games	How much will it cost to hold the Games in Wales in 2026?
Opportunity Costs and Public Support	What are the opportunity costs of holding the Games in Wales in 2026, and is there public support across Wales for a Games bid?
Winnability	How likely is Wales to win the Games bid for 2026?

Identify and Assess Long List

73. The long list work was undertaken to identify potential sporting and non-sporting venues and potential accommodation sites for the athletes, technical officials and Commonwealth Games family VIPs.

Venues

74. The potential venue locations were assessed in two stages:
- technical appraisal of a large number of potential sporting and non-sporting venues in terms of their ability to meet the requirements specified by the Commonwealth Games Federation for holding the Commonwealth; and
 - calculation of likely cost of refurbishment, over-lay or new building work required in order to meet the Commonwealth Games Federation requirements.
75. A scoring system was devised to allow a multi-criteria assessment of each of the sites to be undertaken. The criteria were developed from the requirements specified by the Commonwealth Games Federation as necessary in order to hold the Games. These were:
- ability to accommodate the core and optional sports that should be offered;

- nature and scale of the competition sites, training and warm-up facilities;
- number of spectator places that must be made available;
- size of the athletes' village and facilities that must be available; and
- acceptable time that athletes and support staff may be expected to travel between venues and accommodation.

76. The results of the multi-criteria assessment are presented in Annex 2.

77. In addition to the multi-criteria assessment, technical appraisal of the potential costs for refurbishment, overlay or new building work required was undertaken taking in to account opportunities to hold more than one sport at a single location to identify if any cost savings could be achieved. This information was used, as described below, to compile the short-list of Games options for further analysis.

Athletes' Village

78. A review was undertaken of potential sites for an athletes' village measured against the following key criteria:

- large enough to accommodate the requirements of the Commonwealth Games (in the region of 700 units);
- reasonable transport access;
- planning challenges;
- ownership and commercial development options; and
- regeneration and legacy potential.

79. Analysis and discussion, by the Commonwealth Games Steering Group, of seven possible sites led to a clear agreement that the most favourable site appeared to be Glan Lyn on the former Llanwern Steelworks site in Newport.

80. Analysis was then undertaken of the current travel times between the Glan Lyn site and the possible competition venues across the country. The results showed that in addition to the main Glan Llyn site, further satellite accommodation would be required in Swansea for all the Games options. In addition, if events were dispersed more widely across Wales, a satellite village would be required in Wrexham and further pockets of accommodation would be needed to ensure travel times were sufficiently short.

Identify Short List

81. Creating the short list of Games options was an iterative process. As a result of the work outlined above, and after discussions with the Commonwealth Games Steering Group, an initial list of Games options was identified. These were:

- 1: South East Wales** (Swansea, Cardiff, Newport and the Valleys).
- 2: All-Wales** (multiple sites, more widely dispersed across the country).

3: South East and limited North East Wales (as option 1 with table tennis in an existing facility in Wrexham rather than a new build in Llandarcy).

82. Further in-depth analysis was undertaken of technical factors, costs, risks and potential benefits, and further detailed discussions were held with stakeholders, Ministers and Cabinet. As a result of that analysis, options 2 and 3 were merged and developed to create option 4:

4: South East / North East Wales (Wrexham, Deeside and Chirk).

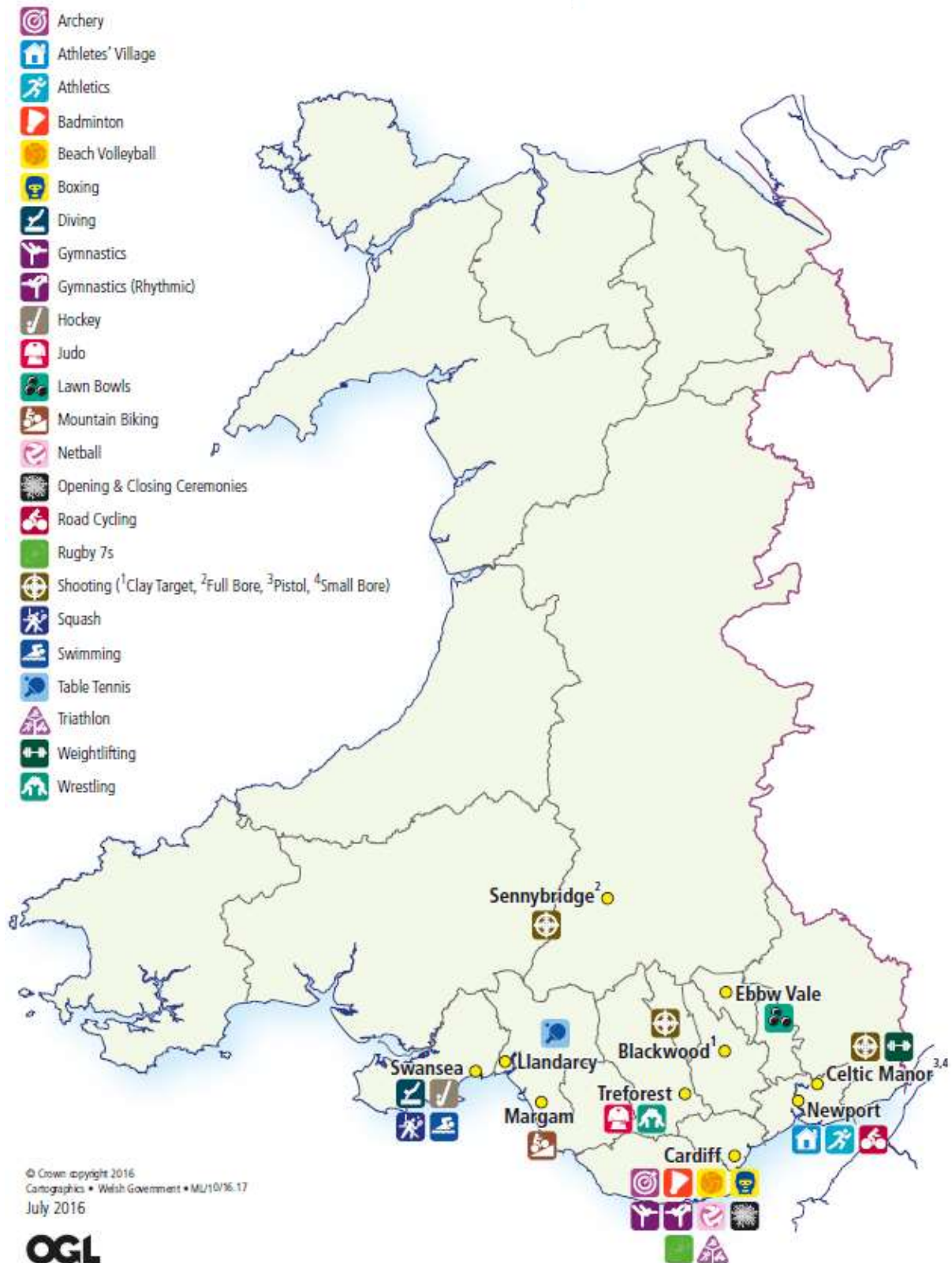
83. The final short-list of three Games options was presented to Ministers in July 2016 as outlined in the Executive Summary:
- i) All-Wales (feasibility option 2)
 - ii) Joint North East / South East Wales (feasibility option 4)
 - iii) South East Wales (feasibility option 1)
84. Figures 1, 2 and 3 present the potential venue locations identified for the South East Wales, All-Wales and South East / North East Wales Games options, respectively.
85. In the analysis of all the potential Games options it was clear a number of sporting venues would have to be newly built or substantially refurbished regardless of the Games model. In all the Games options there was a requirement to build a new athletics stadium, aquatics facilities (swimming and diving) and velodrome as well as new facilities for shooting and lawn bowls and a significant enhancement of facilities for hockey. In the South East Games option a new-build table tennis facility would also be required. In addition, a new arena in Cardiff and a new Conference Centre at the Celtic Manor in Newport have been assumed to be available.
86. The boxes below present a pen picture of each of the potential Games options considered in this feasibility work.

Option 1: South East Wales (Figure 1)

The Games would be staged across the South East region from Swansea to Newport including the Valleys. There would be a new athletics stadium and velodrome with increased spectator numbers in Newport, a new expanded National Pool with diving facilities and a significant enhancement of facilities for hockey in Swansea, new national centres in Ebbw Vale for shooting and lawn bowls, and a new facility that would hold the table tennis in Llandarcy. The opening and closing ceremonies would be held at the Principality Stadium in Cardiff as would the Rugby 7s. The athletes' village would be provided at the St. Modwen Glan Llyn development on the former Llanwern Steelworks site and accommodate 3,095 athletes and support teams. In the region of 478 technical officials would be accommodated at university locations across the region. The Games Family would be at the Celtic Manor (also hosting weightlifting at their new convention centre). Gymnastics would be held at the new Cardiff arena, netball at the new Ice Arena, and boxing at Cardiff Motorpoint. If Cricket is in the programme the Swalec Stadium would be used. Wrestling and judo would be held at Treforest, mountain biking at Margam.

Swansea would be the second hub of the Games with a satellite village for approximately 1,175 athletes and support teams at the university, plus 142 technical officials. Re-development of the National Pool including a diving pool would leave a legacy facility with many more spectator seats able to host championships in the future. The "old" pool will be retained as a practice and training facility. Hockey and squash would be held at the university and triathlon utilising the Bay. Beach volleyball could be accommodated at an enhanced facility at the Bay University.

Figure 1: South East Wales



Option 2: All – Wales (Figure 2)

Option 2 responds to the request by Cabinet to investigate the possibility of holding a Commonwealth Games in venues more widely dispersed across Wales. It is an ambitious option because it aims to bring events to a geographically wide range of locations, and utilises a large number of universities.

The northern-site athletes' village would need to be in the Wrexham to Deeside area and to accommodate 1,923 athletes and support teams, plus 251 technical officials accommodated at the university. Wrexham would hold athletics in a new-build stadium and table tennis in the National Tennis Centre. A site for the northern village has not been identified as yet.

The southern-site athletes' village would be on the former Llanwern Steelworks site. A satellite village would be required in Swansea and further accommodation would be required in Aberystwyth (150 athletes and support, plus 32 technical officials) and Bangor (216 athletes and support, plus 116 technical officials) utilising all available university accommodation.

As with the South East Wales option, in the All-Wales option Newport would host cycling and weightlifting. Cardiff events would include netball, gymnastics and the ceremonies. Wrestling and judo would be in Treforest. While mountain biking might remain at Margam, other sites are available, as are other sites for the triathlon.

Swansea would host swimming events but diving would be at the refurbished diving pool in Aberdare, or in a new facility in Bangor. Lawn bowls would be in Llandrindod, newly built facilities would be required in Aberystwyth for squash and at Bangor for badminton and possibly diving. Colwyn Bay would hold the rugby rather than the Principality Stadium (with consequent revenue implications in terms of ticket sales).

As a result of this design requiring multiple satellite villages and accommodation it would be necessary to build in duplication of the accommodation requirements, so that athletes and Games Family had the opportunity to stay in both the sporting event locations and in the main village as required during the Games. In particular, the Games Family accommodation needs to be of a high quality (three, four and five star) and locations would have to be secured in a number of locations rather than only near the main athletes' village. Also, a significant and wide network of transport provision as well as Games Delivery Company operational functions would be required. A significant numbers of additional police and private security services would be required for this multi-site option.

Figure 2: All-Wales



Option 3: South East and limited North East Wales

Option 3 combines the South East Wales option with Wrexham hosting the table tennis at the existing Tennis Centre rather than a new-build facility in Llandarcy. This difference makes option 3 less expensive than option 1 and with fewer deliverability risks. However the travel time between South East Wales and Wrexham is such that approximately 297 athletes and support teams plus 52 technical officials would need to be housed in the Glyndwr University accommodation sites. By organising the sporting programme effectively it would be possible to allow all athletes to attend the opening ceremony in the Principality Stadium in Cardiff and then have a rest day for the Wrexham based athletes, support teams and officials to travel.

87. As noted above, as a result of the iterative process of analysis and discussions with stakeholders and Ministers, options 2 and 3 were further developed and merged to create feasibility option 4.

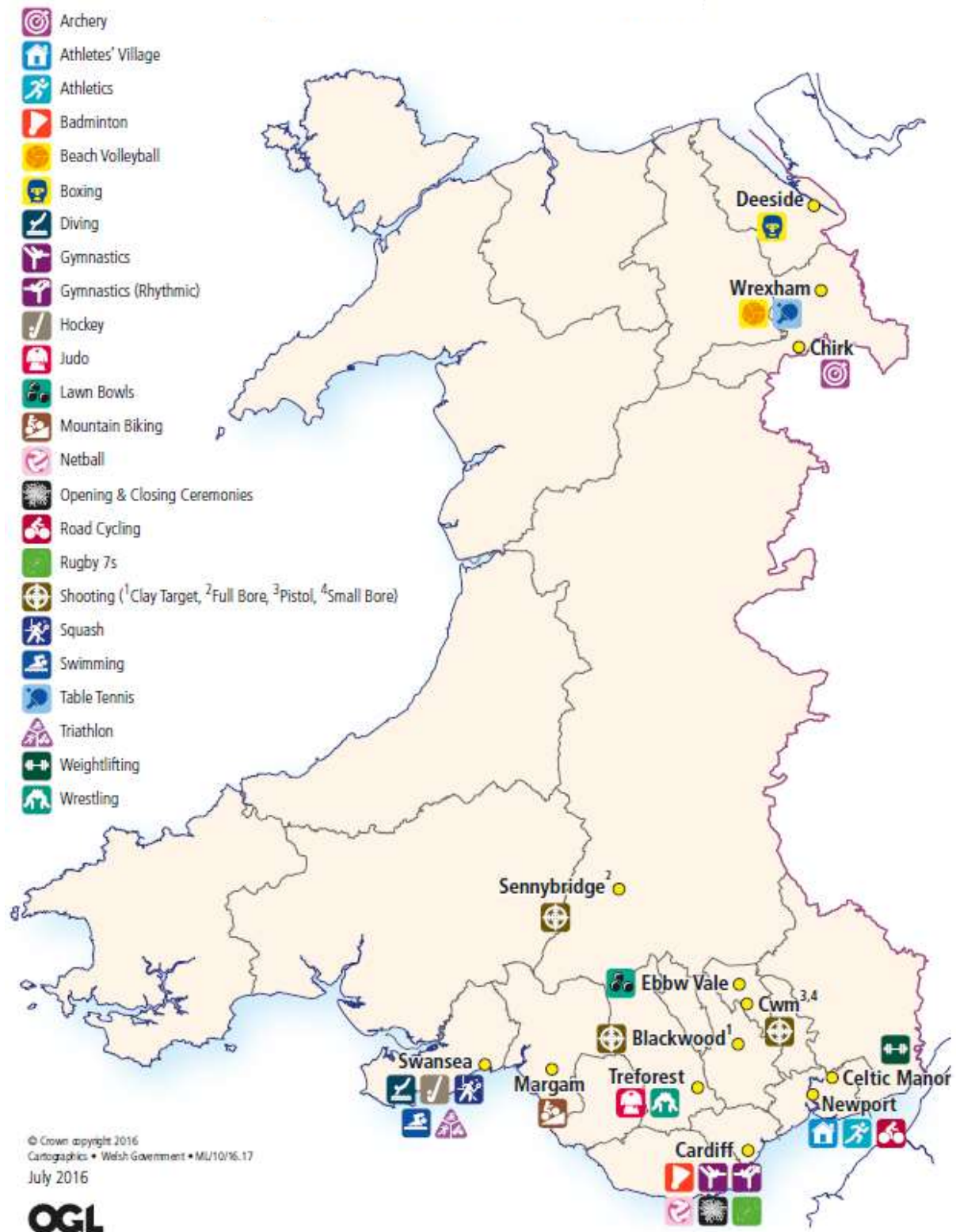
Option 4: South East /North East Wales (Figure 3)

The Games would be provided from two hubs: Cardiff / Newport and Wrexham/Deeside with the satellite village in Swansea. Table tennis and beach volley ball would be held in Wrexham, archery in Chirk Castle and boxing in Deeside. All other venues and sports would be as described in option 1.

The South East / North East Wales option has key advantages compared to the all-Wales model:

- reduced costs (less accommodation, travel and security required);
- two lively hubs for supporters;
- regeneration opportunity in Deeside (to create a multi-use flexible space for exhibitions, concerts and sports events);
- legacy benefit to Wrexham Glyndwr University (a potential catalyst to create up to 200 new student beds and a significant proportion of accessible rooms); and
- ticket sales enhanced via access to the North Wales and North West England markets.

Figure 3: South East / North East Wales



Assess Short List

88. As outlined above, an iterative process was undertaken to identify the availability and suitability of potential sporting and non-sporting venues and determine the possible costs of up-grades and the temporary over-lay work that would be required at each location. The short list of options was then identified as described. Greater detail is provided with regard to the development of the costs in the Financial Case and in Annex 4. For completeness a summary is presented below.
89. Table 7 presents a summary of the results of the short list analysis in terms of the assessment criteria score and cost for each Games cluster option.

• Criteria

90. As noted above, a scoring system was devised to allow a multi-criteria assessment of sites. The results of this analysis are presented in Annex 2. The higher the criteria score the better.

• Cost

91. The figures presented in Table 7 are the real world costs calculated to the Welsh Government of delivering the 2026 Games. This calculation was made following a four-stage process:
- developing a base-line of costs in 2016 prices - using information supplied by technical experts, from costs reported by Scotland for the Glasgow 2014 Games and from advice and information related to the Gold Coast 2018 Games;
 - creating spend profiles for each option – taking in to account lead-in times for construction, legal negotiations and, for example, aspects of the cultural programme such as the opening and closing ceremonies;
 - factoring up the annual projected spend profiles to reflect estimates of year-on-year inflation as indicated by the Office of Budgetary Responsibility; and
 - adding a contingency value (for further details of this calculation see the Financial Case).
92. The year 2032 was identified as the end of the expenditure period because this is the date when full close-down after the Games will be reached – Games delivered, venues returned to their owners, the delivery company closed and the post-Games monitoring completed. For the Glasgow 2014 Games a ten-year monitoring plan was established, running to 2019. This monitoring includes, for example, annual surveys to track progress on how Scotland is using the Games to help Scottish people to increase physical activity and participation in sport, improve the infrastructure and improve Scottish sporting success.
93. The figures presented in Table 7 have not been off-set to reflect possible income as a result of the Games. Details of the factors taken in to consideration in development of the 2032 final costs, the contingency budget and in estimating the potential for income are presented in the Financial Case and Annex 4.

Table 7: Games Option, Criteria Score and Cost (not incl. income)

Option	Criteria Score	Cost (£ million) incl. inflation between 2016 and 2032 and contingency
1: South East Wales	188	1,323
2: All-Wales	168.5	1,542
3: South East and limited North East Wales	198	1,317
4: South East / North East Wales	192	1,451

94. The costs of the 2018 Gold Coast Games have been widely quoted as over \$2bn (AUS) - very much in line with the projections developed in this feasibility study for Wales.

- **Assessment of Games Options against the Critical Success Factors**

95. The following critical success factors or “show stopper” questions were considered and are presented below with the findings of the feasibility assessment.

Sporting and Non-Sporting Venues

Q: Are the **sporting and non-sporting venues** available to hold the statutory Games event? If not, how much would they cost to build? Would the new buildings have legacy value or become “white elephants”?

A: Regardless of Games option, it will be necessary to build the following new facilities to accommodate the Commonwealth Games sports and spectator requirements: a new athletics stadium, an aquatics centre (swimming and diving), a velodrome, and new venues for shooting and for lawn bowls. Significant enhancement would also be required to hold hockey. The South East Wales model (option 1) would require a new facility to be built for table tennis. The South East / North East Wales model (option 4) would allow a regeneration opportunity in Deeside if it were agreed to build a new flexible sport / event / concert facility rather than refurbishing the existing venue. All potential sites have been identified. Ideally each new facility would be passed to a third party to own and operate after the Games. The venues for the other sports are available and could be modified and over-laid to meet the requirements of the Commonwealth Games Federation.

Accommodation

Q: Is there sufficient **accommodation** to the standard required by the Commonwealth Games Federation for the athletes, support teams, officials, Games Family and VIPs?

A: Recent local authority audits of bed spaces in south Wales show there is sufficient accommodation, plus there is further accommodation available in England within easy reach if required. There would, however, be cost implications if a Games cluster option were to be preferred that saw events spread widely across Wales. For options that require multiple satellite villages and accommodation it would be necessary to build in duplication of the accommodation requirements, so that athletes and Games Family¹⁰ had the opportunity to stay in both the sporting event locations and in the main village as required during the Games.

Athletes' Village

Q: Is there a suitable site available for the **athletes' village**?

A: In-depth analysis of opportunities across Wales was undertaken and identified the Glan Llyn site on the former Llanwern Steelworks site in Newport as the most suitable location. A number of commercial options were considered in order to identify which would be likely to be the most effective for the Welsh Government to secure the village site. On balance, the option to lease the land from the owner, St. Modwen, was preferred as it would require least capital outlay or risk in terms of construction. Further information about those options is presented in the Commercial Case.

No suitable brown-field development sites has been identified that could accommodate a full athletes' village in north Wales.

Travel

Q: Is it possible to **travel** from the proposed athletes' accommodation sites to their competition venues within the required time (an expectation of no more than an hour and ideally no more than 45 minutes)?

A: Analysis was undertaken of the normal travel times between the potential venues and the main athletes' village in Glan Llyn. Depending on the sport and therefore the number of training sessions an athlete might want each day before their event a travel time of no more than one hour and ideally no more than 45 minutes each way was recommended by CGW. Analysis showed that travel times from the village at Glan Llyn to the facilities in Swansea were in the region of 80 minutes. For this reason a satellite village would be required in Swansea for all options. A further satellite village would be required in Wrexham as part of option 2, 3 and 4. Option 2 (All-Wales) would require multiple satellite villages and accommodation for technical officials in university locations across Wales.

Security and Policing

Q: What security provision will be required? How much will **security and policing** cost? How will security and policing be paid for?

¹⁰ The Games Family are traditionally allocated three free spaces per competing country paid for by the host nation. Others may also be provided. This accommodation is usually three, four or five-star.

A: The cost of security and policing will be influenced significantly by the geographical spread of the Games events and athletes' accommodation. For Glasgow 2014 – in the main a single centre compact Games design - a figure in the region of £90 million was allocated: £30 million paid by Glasgow City Council and the rest by the Scottish Government. As policing is not a devolved matter in Wales, further discussions are required between the Welsh and the UK Government in order to reach an agreement on how these costs would be funded. The cost of security and policing has been estimated based on discussions with provider specialists as well as officials in Glasgow as likely to be between £90 million and £120 million.

Legislation

Q: Will **legislation** be required to hold the Games? If so, does the Welsh Government have capacity and powers to undertake this work?

A: Legislation will be required and elements will need to be progressed through the UK structure. The time needed to develop and agree this legislation is in the region of two years. The legislation must be ready to enact from the date the Games is awarded (autumn 2019).

Evidence of Economic Benefit

Q: Is there **evidence of economic benefit** resulting from holding major multi-sport events?

A: Research reports compiled by the Scottish Government identified areas where economic benefits might be seen:

- investment in infrastructure related to Games delivery;
- increased spending resulting from increased numbers of visitors to Wales;
- increased opportunities for employment primarily in the service sector during Games time; and
- in the development of skills and training opportunities throughout the development, planning and delivery stages of the Games that can be used by individuals after the Games to find employment.

All the options under consideration for Wales would exhibit these opportunities although the amounts would vary according to the option. Annex 5 presents greater detail of the likely potential merits and disadvantages of each option but in summary four aspects were drawn out in relation to a more widely dispersed Games compared to a more tightly focused option:

- a more widely dispersed Games (option 2 and 4) might result in short-term economic benefits (i.e. short-term employment and volunteering opportunities) being felt more widely by individuals because they would not be prohibited from taking up these opportunities by the need to travel long distances;

- a more widely dispersed Games (in particular option 4) might result in greater ticket sales as a result of a larger selection of sports being available in closer geographical proximity to major population centres in north England;
- the wider the geographical spread of the Games and events, the more expensive the event would become. Primarily, this is because of the additional need for athletes and officials to travel, the costs of security, the need to provide a duplication in accommodation, and the need to operate Games delivery offices at more than one location; and
- the potential for income from spectators as well as from sponsors might be reduced (in particular option 2) as the “festival effect” is likely to be reduced if sports occur in isolation from each other. This could also result in broadcasting coverage of the Games being less comprehensive than might be the case if there were lively Games hubs for spectators.

The Scottish Government’s evaluation of Legacy from the Glasgow 2014 Commonwealth Games¹¹ acknowledged there is a recognised difficulty in assessing value for money of the overall benefits of the Games, but was able to report the following indicative assessment estimate “At the Scotland level, the immediate economic impact of the delivery of the Games event is broadly similar to the impact of the Games partners’ contributions if they were instead spent as standard government expenditure.”

The Welsh Government Chief Economist reviewed the Scottish Government’s economic assessment of the Glasgow 2014 Commonwealth Games technical report (published in July 2015) and concluded that the potential economic benefits of holding a Commonwealth Games in Wales would be unlikely to be large and may even be zero. A systematic review of the wider evidence base by the “What Works” Centre for Local Economic Growth¹² found that there could be some positive impacts on local property markets but that wage and income effects tended to be small and limited to particular areas or particular types of workers. The findings of the value for money assessment of the Glasgow Games were consistent with these conclusions and should be regarded as the default expectation for the Commonwealth Games were they to be held in Wales. Of course, there may be major non-economic reasons for holding the Games, so this does not imply that no case can be made for bidding.

Cost of Games

Q: How much will it **cost** to hold the Commonwealth Games in Wales in 2026?

A: In-depth analysis has been undertaken to identify in as much detail as possible the real-world costs of holding the Games based on technical advice and evidence from a wide range of sources including Scottish Government counterparts responsible for delivering the Glasgow 2014 Games. The figures

¹¹ Reference: <http://www.gov.scot/Resource/0048/00482221.pdf>

¹² Reference: <http://www.whatworksgrowth.org/policy-reviews/sports-and-culture/>

below are the real world costs that the Welsh Government would have to pay over the ten-year period of planning and delivering the 2026 Games. They include contingency and have not been off-set to reflect possible income as a result of the Games. In all cases it has been assumed that the new arena in Cardiff and the new conference centre at the Celtic Manor in Newport will be available. Details of the factors taken in to consideration in development of the 2032 final costs, the contingency budget and in estimating the potential for income are presented in the Financial Case and in Annex 4. The calculated costs were:

- South East Wales: £1,323 million
- All – Wales: £1,542 million
- South East and limited North East Wales: £1,317 million
- South East / North East Wales: £1,451 million

Opportunity Costs and Public Support for a Games bid

Q: What are the **opportunity costs** of holding the Games in Wales in 2026, and is there **public support** across Wales for a Games bid?

A: The Welsh Government Chief Economist considered the opportunity cost of holding the 2026 Commonwealth Games in Wales by comparing the early cost estimates for holding the Games. The figure of over £1 billion would be equivalent to more than the cost of the South Wales Metro or the proposed new section of the M4, and would be sufficient for two or three large district hospitals. Assuming a “fixed pot” of funding, the decision to bid for and hold a Commonwealth Games in Wales could mean capital schemes of this scale would not be delivered in preference to the Games. Identifying and quantifying the potential impact of holding the Games in other areas would therefore be crucial.

To-date wider engagement with the public has not been undertaken. Evidence from previous Games suggests that this process traditionally starts after the decision to bid has been made. For example, for the Glasgow 2014 Games public consultation started in January 2006. The equivalent time-line for Wales would be January 2018. However, discussions with key stakeholders (local authorities and venue owners) have been undertaken as part of feasibility assessment. To-date, the majority of stakeholders have been supportive but have made clear that little if any additional financial support will be available from them to deliver a Games.

Consideration was also given to the risks of not bidding for the 2026 Games. A summary of the assessment is presented below. Support for holding the Games in Wales has been growing in recent months amongst the media and political parties although during this feasibility work no costs have been published and wider public perceptions have not been tested. In this environment, the primary risk of not bidding for the 2026 Games is reputational to the Welsh Government.

In addition to the widespread political support in Wales there has been a growing expectation, in particular in the Commonwealth Games family, of a Wales bid given the detailed consideration of a bid that has been undertaken. A decision not to pursue a bid may lead to criticism of the Welsh Government and Wales for a lack of ambition and, within the Commonwealth Games family, criticism of CGW for raising expectations of a bid.

In summary, the potential risks of not bidding are outlined below:

- There could be reputational damage to Wales on the global sporting stage as a result of being seen as unable to bid for and hold this major sporting event.
- There could be a loss of momentum that could result in general support to bid for a future Commonwealth Games being lost altogether.
- The current support for a bid by Wales from the Commonwealth Games family may be lost thus reducing the potential for Wales to win a bid to hold the Games in the future.
- The opportunity to use Glan Lyn as the athletes' village could be lost. While it could be possible to find another site no alternative was found in this feasibility study and therefore the cost of securing the site would be likely to become much greater than currently estimated.
- Not bidding might mean that desired investment in new or refurbished sporting facilities such as a new athletics stadium, aquatics centre and velodrome will not be taken forward either.
- It could be seen as a lost opportunity by Government to use the Games as a catalyst to increase participation in physical activity and sport at all levels that could lead to long-term potential benefits to public health.
- It might remove absolute deadlines for key infrastructure projects such as the first phases of the South Wales Metro, or the new section of the M4 around Newport so that final delivery slips in to the future.
- If Wales won the 2026 Games a level of income from new visitors to the country would have been anticipated - both at Games-time and to some degree after the Games as a result of raising awareness of the country as a destination. Not bidding would mean that this potential new income could not be pursued.

Winnability

Q: How likely is Wales to **win** a Games bid for 2026? What proposals win votes from the other Commonwealth Games Associations?

A: Our intelligence is that this will be a contested Games. Annex 1 presents further details of an assessment of the potential winnability of a 2026 Games bid by Wales. In summary, the following five key points have been presented below:

- The 2026 Commonwealth Games is likely to be a strongly contested bid and other locations have already expressed an interest. However we understand Commonwealth Games England remain supportive of a Wales bid.
- The Commonwealth Games Federation has indicated that a proposal to hold the Games in a limited cluster of regional locations is a welcome innovation as this model would encourage other countries to bid that could not otherwise have supported a Commonwealth Games in one city. On this basis, our intelligence suggests that currently, should Wales bid, the proposal for a South East or South East / North East cluster model would meet with support.
- The ethos of the Commonwealth Games is to bring athletes together both to compete and for cultural exchange. The wider geographical spread of events, for example as described in the All-Wales Games option would not support this ethos – as outlined below:
 - it would not satisfy the requirements of the CGF Games family who prefer to see events in a focussed area - to create a positive social event founded in sport;
 - it would mean a very disjointed network of events, with significant need for athletes to travel regularly in excess of the desirable 45 minutes leading to very negative athlete experiences; and
 - spectators would be widely dispersed with no central Games hub which would have a negative impact on the Games experience for example compared to Glasgow 2014.
- CGW have advised that such a widely dispersed bid was “simply not winnable”. It would be unlikely that the other voting Commonwealth Games Associations would support such a proposal, and neither would the CGW. With little chance of winning CGW would not support, and therefore not submit, an all-Wales bid to the CGF. The CGW believe the strongest bid, in terms of “winnability” remains the South East model (option 1). However, they would support a North East / South East Wales model (option 4) but believe the proposed split of sports to North Wales is at the limit of acceptability in terms of a winning bid. The South East model is also the least expensive.
- There are two other key challenges. In previous Commonwealth Games, opportunities to stimulate and bring forward regeneration strategies and their consequent social and economic benefits have been a factor in the choice of host city by the Commonwealth Games membership. At this time, the proposals being developed for Wales to hold the Commonwealth Games in Wales in 2026 do not have a clear driver to regenerate a significant site of social and economic deprivation (such as Glasgow’s East End).

• Assessment of the Games Options against the Strategic Objectives

96. A detailed assessment was undertaken to identify the potential advantages and weaknesses of each of the four Games options against the strategic objectives for holding the Commonwealth Games in Wales. The results of this assessment are presented in Annex 5. They are the culmination of discussions and input from with technical experts (*McKenzie Sports Architecture Ltd*) and the Commonwealth Games Steering Group. The strategic objectives have been identified as:
- Raise the profile of Wales - strengthening international perceptions of Wales as a confident and independent nation – a place to visit, learn, do business and hold major events, and building a sense of pride and “feel-good factor” for all citizens of Wales.
 - A positive economic impact – using the opportunities of the Games to invest in and encourage local businesses as well as building international trade relations, helping to bring forward regeneration projects at a fast pace and to fixed deadlines, and increasing employment, training and development opportunities across a wide range of employment sectors.
 - A positive impact on health - promoting and facilitating opportunities to increase participation in sport and physical activity to challenge negative attitudes and contributing to a sustained improvement in health and well-being across the nation.
97. In addition to the assessment of options against the strategic objectives described above, Annex 5 also presents the results of a comparison of the options against two other potential benefits that holding the Games could bring.
- Drawing forward other investment in infrastructure; and
 - Wider social benefits including to the environment and promotion of the Welsh language.
98. In summary, holding the Games would create a non-negotiable dead-line for the delivery of a number of key infrastructure projects crucial to maximising the success of the Games. For example, the first phases of the South Wales Metro and the proposed M4 relief road. It could also act as a catalyst to other infrastructure schemes which might not otherwise come forward such as an iconic refurbishment of Cardiff Central Station and other important public transport and park and ride facilities that would have longer-term legacy benefits. The Games would then be used to showcase the improved infrastructure of the region to potential investors.
99. However the level of financial commitment required over the next ten years to deliver all these projects and deliver the Games would be unprecedented, extremely challenging and allow almost no flexibility in budget allocation should Government priorities change over the intervening years.
100. With regard to the potential wider social benefits, three key aspects can be drawn out:

- in the planning and delivery of the Games to ensure that the village and new venues incorporate designs and materials that showcase the commitment of Wales to environmental factors such as energy saving and reduction of waste;
- in education, the backdrop of the Games could be used not only as source materials for the core subjects but also for the wider areas of learning and experience in the new Curriculum for Wales; and
- in the delivery of the 2026 Games the Welsh language would be an integral part of daily life in Wales. However, holding the Games would be a catalyst to promote the value of a bilingual nation to an international audience.

• Economic Appraisal of Costs and Benefits

101. The economic appraisal was undertaken by Welsh Government officials. An outline of the methodology used to undertake this work is presented in Annex 7. In over-view, the consideration of the economic costs and economic benefits of the short-listed options has been conducted in-line with the principles set out in the HM Treasury's Green Book. This sets out the guidance for the treatment of costs and benefits associated with the options for delivery of a public sector project.
102. The figures presented below relate only to the costs and benefits that can have a monetary value estimated for them at this stage. As such, unquantified benefits such as reputational benefits, potential for Games to provide a focal point for businesses to promote themselves and, through inward and outbound trade missions to generate new sales are not included. At the same time, there are several unquantified economic costs that are not included in the assessment, e.g. pollution costs and congestion costs. These unquantified costs and benefits are outlined further in the Strategic Case.
103. From the outset it should be noted that the degree of accuracy in forecasting the economic impact of any sporting event relies heavily on the accuracy of information available with which to make the calculation. To-date there is relatively little robust quantified international research in to the long-term economic impact of hosting major multi-sport events.
104. For the purposes of this appraisal the host economy has been assumed to be Wales, recognising that the Welsh Government would be likely to provide the vast majority of any public sector funding for the Games. It has also been assumed that no income from the sale of assets after the Games would be included in the calculations.
105. The calculations should be regarded as indicative rather than precise given that they rely on heavily on forecasted rather than actual values and are dependent on the underlying assumptions used in undertaking the appraisal.

Costs

106. Detailed technical and economic analysis was undertaken to compile and assess the estimated costs for holding the 2026 Commonwealth Games in Wales. This information is presented in the Financial Case and Annex 4. Table 8 presents a summary of the costs for each of the Games options. They are presented in real-world

prices calculated as the total cost the Welsh Government would have to pay over the ten-years needed to plan for, deliver and monitor the 2026 Games. These costs have not been off-set to reflect possible income as a result of the Games. Further consideration of income is presented in the Financial Case.

Table 8: Overall Costs for Each Option (not incl. income)

	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East / North East Wales
	(£ million)	(£ million)	(£ million)	(£ million)
TOTAL (by closedown in 2032 including 24% contingency and inflation)	1,323	1,542	1,317	1,451

107. In considering the costs it is important to note that the Commonwealth Games Federation is currently working to reduce the cost of both bidding and the operational delivery costs of the 11-day event itself.
108. The cost of bidding has fallen in recent years as the number of visits by the voting CGAs was reduced to one information meeting in the bidding country, the outbound visits by the bidding city to all Commonwealth Games Associations have been scrapped. In addition, the publishing costs of the bid book have been reduced by switching to electronic format only.
109. The operational delivery cost of the Games is also under review. The CGF has always been open to discussions around the capacity of venues recognizing local needs. Going forward the CGF wants to reduce the operational delivery cost of the Games by many efficiency changes and ensuring best practice and knowledge is transferred from one Games to another. For example, the change in qualification method for weightlifting reduced the number of competition days so it can now share a venue with another sport. Currently the number of designated cars and drivers supplied to each team is under review. Further changes will be made going forward as the CGF reduces the cost of the Games while maintaining the levels of service to athletes.
110. Annex 2 presents details of each of the regional cluster options for the Games in terms of which sports were considered for which venue (looking first at existing venues across Wales), the costs of new construction and Games overlay, the accommodation that would be required and an estimated cost for safety and security. It should be noted that the budget for safety and security would need to be discussed further with the UK Government as policing is not a devolved matter in Wales.
111. As noted earlier, in all options there is a requirement to build a new athletics stadium, aquatics centre and velodrome as well as new facilities for shooting and lawn bowls and a significant enhancement of facilities for hockey. In the South East option a new-build table tennis facility would also be required. In addition, a new arena in Cardiff and

a new Conference Centre at the Celtic Manor in Newport have been assumed to be available.

Other Costs

112. The costs set out above are the direct result of delivering the Games. There are other costs, however, that should be noted because – although they are not part of the economic assessment calculation - they are indirectly related to the delivery of the Games. These indirect costs can be grouped under two headings:

- bringing forward initiatives and physical infrastructure already planned but not scheduled for that timeline; and
- pooling and re-directing existing budgets to target Games objectives.

113. For example, the Glasgow 2014 Games reported a cost to deliver the Games of £543 million. In addition to this, winning the bid to hold the 2014 Games was a catalyst for the Scottish Government to accelerate the delivery of over £1 billion of transport infrastructure including:

- Dalmarnock Station refurbishment;
- Airdrie to Bathgate rail link;
- the M74 Completion;
- Electrification of various rail links in the Glasgow area;
- Installation of Wi-Fi on trains; and
- Network of charging points in and around Glasgow for electric vehicles.

114. Alongside this investment Glasgow City Council allocated over £10 million to public realm works and landmark building repairs over-and above their contribution to the Games delivery costs. The Council's portfolio of grants to the third sector was also "re-branded" and £12.7 million awarded to 374 community projects awarded because the met Games legacy objectives.

115. In Wales, therefore, the calculated costs to deliver the Commonwealth Games in 2026 would be supported by, for example the completion of proposed infrastructure such as the South Wales Metro and new section of M4 to the south of Newport. In addition, in order to maximise wider benefits, Departments across the Welsh Government, and local authorities across Wales would need to use the Games as a back-drop for their budget allocation and rolling programmes and target investment accordingly, for example to create a positive visitor experience. These additional costs have not been included in the calculation of the 2026 Games costs.

Benefits

116. The economic assessment of the potential benefits of holding the 2026 Commonwealth Games in Wales was undertaken, as noted above, in-line with the principles set out in the HM Treasury's Green Book. This guidance sets out advice for the treatment of

costs and benefits associated with the options for delivery of a public sector project. Further information about the methodology used is presented in Annex 7.

117. In all cases, the figures used to estimate the potential economic benefits of holding the 2026 Games in Wales have been derived from analysis and evaluation results produced by Scotland after the Glasgow 2014 Games.
118. The results of the analysis has been presented below under three headings – as a result of holding the 2026 Games:
- Jobs created (Full Time Equivalent, FTE),
 - Value of spend by visitors (i.e. new visitors generated); and
 - Impact on Wales' gross value added (GVA).

Jobs Created (FTE)

119. The estimated employment benefits are reported in terms of “full time equivalent” (FTE) and “job years” over a fixed assessment period. For example, one new job in the Games Organising Company lasting six years will be reported as “six” whereas 12 new jobs lasting one month in a café during the Games will be recorded as “one”.
120. The estimated employment benefits (i.e. broadly the number of jobs created) is a function of the investment in infrastructure, the delivery of the Games, and the spend by visitors. At its heart, the greater the expenditure the greater the number of FTEs created. Accepted economic relationships were used in these calculations and sensitivity tests were undertaken.
121. As a result of the calculations undertaken for the Wales 2026 Games options, the likely number of FTEs created would be in the range approximately 9,000 and 11,000 over a ten year period. In comparison with the Glasgow 2014 Games, the evaluation reported an estimated 14,700 jobs had been created calculated against gross expenditure. Using a similar methodology, the number of FTEs created by Wales 2026 could be in the range of approximately 15,000 to 17,000.

Economic Impact of Visitors to the Games

122. The calculation of the potential economic impact of visitors to the 2026 Games in Wales has been developed from the evaluation and analysis produced by Scotland after the Glasgow 2014 Games.
123. In summary, the 2026 Games would contribute directly to Wales' GVA (Gross Value Added) it produces as a result of attracting additional visitors who would not otherwise have visited Wales. The additional spend of these visitors has an impact on the businesses in which the money is spent, as well as their suppliers. This assessment attempts to measure what the impacts of the additional spend of visitors to the Games in Wales might be. The working assumption was made that the proportion of expenditure treated as deadweight¹³ would be the same for Wales as was reported for

¹³ The deadweight effect is an adjustment to the calculation to reflect the degree to which visitor spend would have taken place anyway, i.e. without the 2026 Games.

the Glasgow 2014 Games, and that the deadweight proportion would be consistent across the four Games options. Qualitative assessment of the potential difference in likely visitor spend according Games option is presented as part of Annex 5.

124. Developed from the Glasgow 2014 Games experience, there were:

- 690,000 visitors
- 15,000 volunteers
- 6,000 media

125. Using these figures, the calculated total potential expenditure as a result of visitors to the 2026 Games would be likely to be in the region of £97 million (net). By way of comparison, the Glasgow 2014 Games reported a gross visitor spend of £280 million; the gross value for Wales 2026 could be in the region of £371 million in 2026 prices.

Impact on Wales' Gross Value Added (GVA)

126. The impact on Wales' GVA was calculated by summing the estimated impact of holding the 2026 Games in terms of the direct, indirect and induced GVA (see Annex 7 for explanation of terms). As GVA is a function of expenditure, the greater the expenditure the greater the GVA benefits.

127. The net GVA benefits for each Games option were calculated in the range approximately £550 million to £600 million in 2026 prices. In comparison with the Glasgow 2014 where it was reported that the Games contributed up to £740 million to Scotland's GVA in gross terms, the Wales 2026 Games could contribute in the region of up to £870 million in gross terms (2026 prices).

Benefit-Cost Ratio Analysis Results

128. The benefit-cost ratio (BCR) represents a theoretical rate of return on the investment made by the Welsh Government. This calculation is effected by the type of expenditure made, i.e. whether in to capital or non-capital activities. (This aspect also has an impact on the number of FTE job years created.) For these reasons a number of sensitivity tests were undertaken to vary, for example, the types of schemes that regeneration legacy investment might be spent on.

129. As a result of these calculations, for all the Games options the calculated benefit-cost ratio was less than one.

130. A high-level comparison test was undertaken of these results with the rates of return calculated after other sporting and cultural events where evidence was available. Two findings were drawn out of this work:

- It was clear there was a significant difference between the figures calculated for one-off individual events compared to multi-sport, multi-day events. This was because for one-off events the spend and the reported economic benefit tends to occur in a single financial year whereas for the 2026 Commonwealth Games the spend could occur up to seven years before an economic benefit is realised. Economic theory states that the value of a benefit realised in the future is worth

less than a benefit realised more immediately.

- The potential benefit-cost ratio for the 2026 Games has been influenced by the need to make a significant investment in new and significant enhanced sporting facilities in Wales in order to hold a number of the Commonwealth Games events. Locations where such a degree of investment was not required would report a rate of return closer to 1, for example the Glasgow 2014 Games.

131. For the Glasgow 2014 Games there was a specific aim to complete preparation works and open the event venues to the public both before the Games and as soon as possible afterwards. This offered the opportunity both to test the venues and to secure an income stream. The SSE Hydro on the site of the Scottish Exhibition and Conference Centre in Glasgow, for example, opened in September 2013 and in 2015 handled over one million ticket sales. During 2014 Commonwealth Games the Hydro hosted gymnastics (both artistic and rhythmic), boxing finals and the netball medal matches. To do this there would, of course be operating costs associated with running the venue. The calculations for the Wales 2026 Games have not included any values for venue operating costs and potential revenue of this kind because the numbers can not be speculated in a robust fashion at this time.

132. It is also important to note when considering the rates of return calculated for the potential 2026 Games options, that there were a number of other benefits identified in the wider feasibility study to which it was not possible at this time to give an economic value. Such benefits might include, for example, a notional value as a result of potential exposure achieved from media coverage and the associated place-marketing effects of holding the Games that could lead to increased number of visitors in the future or increased business activity that would not have occurred without the stimulus of the holding the Games in Wales.

133. Because there is no robust evidence available from which to derive an estimate of potential economic value for those areas, it is appropriate that no value should be included. There is indicative evidence, however, that holding the Games could generate economic benefits unrelated to the Games.

Conclusion

134. The information presented above suggests that while a bid by Wales for the 2026 Commonwealth Games is technically possible, the wider the geographical spread of the Games and events, the more expensive the event would become, the greater the logistical challenges, and the less likely the proposals would be to receive support from the other voting Commonwealth nations. In addition, Wales would need to undertake a significant investment programme in sports facilities adding to the over costs.

135. It also suggests that while there are a wide range of potential benefits that could result from holding the Commonwealth Games in Wales in 2026 – in particular raising the profile of Wales on a world stage – there is currently no clear evidence that holding major sporting events leads to sustained increases in physical activity or increased participation in sport.

136. And finally, while the delivery of the Games could provide a short-term boost in economic activity, in the longer term there is little evidence that the Games would have a positive impact on the wider economy. The primary source of economic return would result from investment in infrastructure that could be brought forward without the added expenditure in Games delivery.

Commercial Case

137. The purpose of the Commercial Case is to present information about the types of commercial contracts and legal arrangements that would be required in order to deliver the 2026 Commonwealth Games in Wales. This section presents an initial summary of the ten key areas identified to-date where commercial agreements would be required. It outlines the nature of the commercial and contractual agreements that would need to be entered into and gives an indication of the amount of work that will be required to secure them.
138. It is clear from this analysis that significant time and resources would be required at an early stage to ensure sufficiently robust and flexible commercial agreements were created with suppliers and venue owners to ensure value for money for the Welsh Government.
139. Of the ten areas of commercial work outlined below, three major contractual arrangements would have to be negotiated and entered into as part of the bid document. These are the athletes' village, venue use agreements and the hotel accommodation room number and rates agreement. The work involved in this would take at least two years and would therefore need to commence as early as possible in 2017.
140. The bid document requires evidence that the athletes' village site has been secured and that all venue use agreements and all other accommodation agreements have been completed. For Wales this would mean securing the accommodation for approximately 7,000 athletes and support teams, over 1,000 technical officials, room-rates for over 4,000 Games Family officials, dignitaries, sponsors and media, and securing terms of use and commercial ground-rule requirements on 31 venues before the submission of the bid in spring 2019 by the CGW.
141. Further information about the commercial contracts that would need to be entered into are outlined below under ten headings:

For Bid Document

- Athletes' village – including any construction works required, catering, estate management and village security
- Venue Use Agreements – including temporary sponsorship, over-lay, catering and merchandising franchises
- Hotel accommodation

For Games

- Sponsorship rights
- Broadcasting
- Games Organising Company

- Games catering
- Games family and athletes' transport
- Cultural programme
- Legacy programme and regeneration investment
- Sporting and non-sporting venue construction
- Training, apprenticeships and community benefit clauses

Athletes' Village

142. The preferred site for the athletes' village in Glan Llyn, Newport is currently owned and being developed by the private company St. Modwen as part of a 30-year plan to transform the former Llanwern Steelworks site.

143. To secure the main site for the athletes' village there three commercial options were investigated:

- Secure a Memorandum of Understanding, agree a simple option on the land, and develop a Joint Venture Agreement with the site owner St. Modwen. This would enable the Welsh Government to purchase the land and enter into separate contracts with house builders to supply and sell the units. Welsh Government would then hold an asset which may appreciate over time (i.e. creating a profit perhaps over a three year period after the Games) as well as having control over the nature of the construction contracts (i.e. to ensure training and apprenticeship opportunities via social benefit clauses), the final detailed designs of the units and to whom they were eventually sold.
- Secure a contractual agreement with St. Modwen to lease the land and units required over approximately eight weeks to fit out the units and site for the Games and return them back to St. Modwen by the date agreed. This is probably the least cost option for the Welsh Government as no significant outlay would be required for land purchases. Significant resources would still be required to ensure the leasing agreement with St. Modwen was accurately specified.
- Compulsory Purchase may be utilised if no other commercial arrangement can be agreed upon and it can be argued that the purchase is necessary to co-ordinate development that will be in the wider public interest.

144. In each case a dedicated development manager would be required, and discussions with the site owner would be required at the earliest opportunity in order confirm the contracts required. These negotiations would also include discussions with Registered Social Landlords to agree opportunities to create homes at Glan Llyn over and above what might previously have been agreed as part of the planning agreement.

145. In addition to the contractual arrangements necessary to secure the site for use as the athletes' village, the following contracts related to the village would need to be entered in to in order to deliver the Games:

- specialist technical services; architects, engineers, etc.;
- construction company to fit out units for the Games period;
- leased structures, transport, construction and removal, such as the main dining hall;
- transport for Games Family and athletes, etc.;
- catering;
- cleaning services;
- estate security services; and
- estate management and maintenance.

Over-View of Athletes' Village Design Requirements

In over-view the athletes' village requires:

- accommodation in 700 units for over 7,000 athletes, support teams, medical, marketing and management crews;
- 24/7 dining hall capable of seating 2,000 (about the size of a football pitch), as well as a secondary dining facility on site (with all associated back-of-house and delivery arrangements).
- a transport hub for the athletes adjacent to the main dining hall and all the security screening facilities.
- athletes' recreation area.
- poly-clinic and medical screening facilities.
- a "village green".
- police and fire stations and facilities for these staff.

Typically there are three zones in a athletes' village each with differing levels of security:

- residential (highest security, with dining and polyclinic)
- international (for families, pass holders, with a bar and other entertainment areas)
- operational (for staff, logistics and estate management)

146. As a result of the analysis and discussions with Welsh Government officials and St. Modwen, the preferred option was identified as an agreement to lease the "shell" units and space required from St. Modwen to facilitate the fit out of the village, to hold the Games, and then to return the land and the units in their "shell" condition by an agreed date. This is the preferred option because it requires the least capital out lay by and the least risk to the Welsh Government. The counter-balance to this that the Welsh Government would not have an asset at the end of the Games to sell on and possibly make a profit from but the revenue tail of this activity would be a significant risk.

Venue Use Agreements

147. The Venue Use Agreements must be provided in the Guarantees Section of the Candidate City File bid document. For Wales, this would be by spring 2019. As noted above, this would take at least two years to complete and would therefore need to commence as early as possible in 2017.
148. Significant work would be required to ensure that not only have all the necessary venue use agreements have been signed but also that they cover a sufficient amount of time, both before and after the Games, and incorporate a level of flexibility to enable changes to be made to the agreements over the seven year development period leading to the Games. Depending on the option being developed, between 26 and 31 venue use agreements would be required not including the commercial agreements for the use of university accommodation for up to 45 days around Games time for athletes, support teams and technical officials. At this time it has had to be assumed that all the venue owners would be willing to enter in to negotiations and reach reasonable financial agreements with the Welsh Government.
149. There would be between three and seven accommodation use agreements depending on the option taken forward.
150. Negotiations are complex and time consuming. The key challenges are:
- **Periods of use** – The Games timetable for 2026 would be set out in the bid book submitted to the Commonwealth Games Federation in spring 2019. Venues will not normally plan bookings that far in advance. There are two levels of use: exclusive and non-exclusive (where the venue can be used by others). Significant negotiations involving how long those periods might be would be required and it would be necessary to agree how variations to these requirements would be negotiated as they will change over the development period leading to the Games.
 - **Financial arrangements** – Negotiations would need to consider not only the cost of leasing the venue for the Games, but also the loss of income to the venue as a result of being limited by the exclusive and non-exclusive periods of use; the requirements of the Games that all other sponsorship and advertising should be covered up, and existing catering or hospitality franchises will not be possible during the Games and the set-up period. The “clean venue” requirements also stretch to the surrounding areas of the venues, because these areas have in the past been used for ambush marketing. The Commonwealth Games Federation “clean venue” requirements are very broad, and range from the right to name the venue to smaller details. For example, covering logos at the venues on televisions, big screens or scoreboards in hospitality suites as well as bank logos on cash machines. In addition, venues will not have set their pricing schedules for seven years in advance. It would therefore be necessary to develop and agree a formula which would take these elements in to account and that can be reviewed closer to Games time.

- **Hand-over agreements** – The Games Organising Company would need to be satisfied that venues will be handed over in a condition that is not only legal but also facilitates the efficient completion of the over-lay work. Venue owners would need to be satisfied that the Games would cause no lasting damage to their property. Significant work would be required to agree all the specific details of the condition of the venue when they are handed between owner and user, and how any financial penalties would be determined.

Hotel Accommodation

151. The Commonwealth Games Federation set specific requirements for the provision of accommodation. There are two aspects to this work:
- Securing the necessary agreements with the hotel providers; and
 - Managing the “re-sale” of the agreed rooms to Games Family, VIPs, sponsors and spectators, etc.
152. Given the current travel times from the main athletes’ village to the competition venues in Swansea (approx. 80 minutes weekday mornings and 60 minutes on a Saturday) a satellite village would be needed in Swansea. In addition, if the option to hold events in Wrexham were taken forward, accommodation for athletes would also be required in this location. In both cases this accommodation would be on the university campuses.
153. Workforce and technical officials would also be put up in university accommodation. Temporary staff, such as caterers, as well as volunteers find their own accommodation. Games Family would be accommodated at the Celtic Manor and their extension. The Games Organising Company may decide to commission a web-site to promote access to all the accommodation opportunities for spectators. This would need to be ready at least two years before the Games to promote booking opportunities.

Securing the Hotel Accommodation

154. In order to secure the agreement with hotels for beds it would be necessary for the Welsh Government to enter into financial arrangements with the hotels. It is usual for hotels to require stage payments in advance of an event of this nature, both at the time of signing the initial agreement and with one and then six months to go. A key aspect of the commercial arrangements with the hotels must be an administration fee to cover the costs involved in negotiating with hotels to secure the deals. This work must be completed and included in the Games bid book for submission in spring 2019. Based on discussions with Welsh Government officials, experiences of the Ryder Cup 2010 and the 2017 UEFA Champions League final in Cardiff, this is a massive task and would require at least two years to complete.

Management / “re-sale” of hotel accommodation

155. Two contractual options are available:
- the Games Organising Company lets a single contract to one operating company who manages all four and five star accommodation bookings. They may also sell on accommodation to tour operators putting together packages; or

- the Games Organising Company manages this activity in-house using specialist staff and enters in to a larger number of contracts with individual tour operators and booking agents.

156. As part of the more detailed development of the bid proposals, further work would be undertaken to determine exactly the number of hotel beds required in each location on which days.

Sponsorship Rights

157. The Games Organising Company would need a commercial team to manage and deliver the venue and merchandising licensing, ticketing and sponsor services whose activities contributed towards the Organising Company's income. The commercial team would also work closely with wholesale suppliers, third parties and product development companies. A wide range of contracts would be entered in to as part of this work.

158. To maximise the value of the sponsorship rights, the Organising Company would need to create a UK-wide portfolio sponsorship package. To do this the Organising Company would have to buy out the rights of England, Scotland, Northern Ireland, Isle of Man and the Channel Islands. These decisions would need to be made and agreements in principal reached before a bid to host the 2026 Games was submitted to the Commonwealth Games Federation in spring 2019.

159. The Commonwealth Games Federation is currently considering whether this aspect of the commercial case could be more efficiently / reasonably undertaken by them.

160. It is important to note here that legislation to protect the Games mark and identify needs to be drafted and ready to be introduced immediately should Wales be awarded the 2026 Games. Further information regarding the timeline for all the legislation requirements is presented in the Management Case.

Broadcasting

161. Traditionally, the successful host nation has independently sought out agreements with international broadcasting companies to manage and supply the television coverage. For Glasgow 2014 two companies entered in to a joint venture to become the host broadcaster and a further 30 companies entered in to exclusive rights contracts to broadcast the Games across their networks.

162. Because the amount of money gained by the host nation as a result of the broadcasting deal tends to be the same as the cost of securing the deal, the Commonwealth Games Federation is currently considering opportunities for a new commercial approach to retain, co-ordinate and sell all broadcast rights for the 2018 Games and beyond¹⁴. In the future, for example, it might become possible for the broadcasting partner to negotiate deals covering more than one Commonwealth Games. The host nation would be released from the significant task of negotiating an agreement to concentrate on the other aspects of delivering the Games. If the

¹⁴ *Strategic Plan 2015-2022*, Commonwealth Games Federation, 2015

Commonwealth Games Federation decides not to pursue this approach, the Wales 2026 Organising Company would need to negotiate and enter in to the contract with the successful broadcasting partner.

Games Organising Company and Staff Appointments

163. The Commonwealth Games Federation requires an independent company to be established to co-ordinate the delivery of the Games. A number of models are available, for example the Games organising company could be limited by guarantee with charitable status, or a public company limited by guarantee and a special purpose vehicle. Whatever model is chosen, once a decision has been made, the necessary legal arrangements would be required. This Company would be responsible for a wide-range of legal and commercial agreements.
164. Staff working for the Games Organising Company would be employed in two ways: a very small number would work in the Organising Company on secondment from either local authorities or the Welsh Government; the vast majority would be employed on fixed term contracts.

Games Catering

165. In addition to the contracts required to provide the catering arrangements in the athletes' village and any satellite villages, contracts would need to be agreed regarding the provision of catering in the sporting and other non-sporting venues that would be used during the Games. These contracts would be allied to the negotiations related to the Venue Use Agreements.

Games Family and Athletes' Transport

166. A significant fleet of vehicles would be required during the Games period. Contracts would need to be entered into for services, call-off costs and the use of liveries, etc. In the region of 200 cars as well as coach transport, taxis and minibuses would be required on-call 24 hours a day.

Cultural Programme

167. For the 2026 Games the cultural programme will be part of the formal criteria against which the Commonwealth Games Federation will be judging bids. Initial discussions have identified a number of opportunities for the cultural programme (see Annex 6). The commercial arrangements associated with the cultural programme would be likely to be:

- Grants offered through existing, established mechanisms to community and other applicants, for example like those currently offered via the Sport Lottery and the Art Lottery funds.
- Direct contracts let by the Welsh Government.
- Grants contributing to infrastructure schemes identified for local authorities as contributing to legacy construction.

- A time-limited contract with a cultural programme co-ordinator who then manages the contracts with all the external suppliers.
- Contracts for the opening and closing ceremonies (with the Games Organising Company).

Legacy Programme and Regeneration Investment

168. Allied to the delivery of the Games is the significant opportunity to create legacy value in the enhancement and creation of venues, the village and other infrastructure such as the creation of permanent park and ride sites initially to serve spectators attending the Games but afterwards for the long-term use of the population on a day-to-day basis.
169. Contracts would be required to undertake these construction projects, however, based on advice from Glasgow 2014, it is likely that these projects would be undertaken in Wales by the local authorities using grant from the Welsh Government.

Sporting and Non-Sporting Venue Construction

170. The sporting and non-sporting venues are owned by a combination of universities, local authorities and private companies. In this analysis, as noted earlier, it has been assumed that the works that would need to be done to these venues would be funded by Welsh Government. This decision was made not only because, in discussions, venue owners and local authorities indicated they would be unlikely to be able to offer any funding towards the delivery of the Games, but also because the likelihood is that as soon as the bid is announced operators would look to the Games (or Welsh Government) for investment in their site rather than investing themselves.
171. The physical details as well as the contract and procurement processes would be managed by dedicated technical specialist in the Games Organising Company. Key to the successful completion of these projects will be:
- physical works completed on time, to budget and to standard;
 - venue use agreements enable the most efficient and appropriate arrangements to be secured between the Games Organising Company and the venue owners; and
 - venues have an agreed legacy user, i.e. an occupant not only committed to taking over the venue after the Games but also engaged with the development process to ensure the most efficient and effective balance of what is created permanently and what is provided as temporary over-lay is provided.
172. As part of the Glasgow 2014 Games, the decision was made that most venues created or enhanced to host the Games would be made available in advance of the Games as well as being made available as quickly as possible after the Games. Options for similar arrangements would form part of the contract agreements with the infrastructure providers and venue owners.

Training Apprenticeships and Social Benefit Clauses

173. In order to maximise the potential opportunities for training and skills development, all contracts let in direct relation to the Commonwealth Games by the Games Organising Company, the Welsh Government or local authorities, would include social benefit clauses as a standard requirement.

Financial Case

174. This section sets out estimates for the cost and revenue implications of the proposals over the expected life-span of the scheme. It focusses on real world costs, i.e. the potential actual costs to the Welsh Government of delivering the 2026 Games between starting the bid in 2016/17 and closing the activity in 2032 after Games has been delivered, venues returned to their owners, the delivery company closed and the post-Games monitoring completed.
175. The financial case considers the affordability of the proposals to the Welsh Government. There is consideration of opportunities for income generation, the opportunity costs of holding the Games in 2026; and initial ideas for driving value for money from the investment. There is also a summary of how the financial requirements might impact on the balance sheet for the Welsh Government.

Costs

176. Detailed technical and financial analysis has been undertaken to compile and assess the estimated costs for holding the 2026 Commonwealth Games in Wales. The results of this work are presented in Table 9.
177. To reach the cost figures presented the following areas of work were undertaken:
- in-depth review of budget allocation and reported spend by the Glasgow 2014 Games, and discussion with the Commonwealth Games Federation;
 - review and technical input by consultant specialist, *McKenzie Sports Architecture Ltd*, to produce a series of reports on the assessment of existing and proposed venues across Wales for their ability to accommodate the Commonwealth Games requirements as set out by the Commonwealth Games Federation, estimates of the costs of site overlay, any new-build costs, and, with other stakeholders, estimates of legal costs such as the venue use agreements;
 - real world cost assumptions was made that in all cases the Welsh Government would be required to fund all costs (consideration of potential income, including later sale of assets, is presented separately);
 - further engagement with technical experts, officials from the Scottish Government involved with the delivery of the Glasgow 2014 Games, the GGF and in discussions with Gold Coast 2018 officials as well as with venue owners (Swansea and Newport) to explore options;
 - consultation and discussion with stakeholders: Sport Wales, local authorities, Welsh Government officials and independent advice on sport event management and security;
 - further discussions with housing and regeneration officials and land developer St. Modwen regarding commercial options for use of the Glan Lyn site and possible cost implications;

- each of the Games delivery sub-headings, such as Cultural Programme, Athlete Development and Regeneration, were reviewed to identify in more detail the activities that might sit under them and the estimated costs involved;
- a cash profile has been developed taking in to account, for example, early spend required for venue development, legal agreements, the potential sale of assets after the Games and commitment to monitor the impact of the legacy programmes for a further five years after the Games;
- questions of VAT implications and inflation factors have been considered;
- a figure of £6 million for bidding for the Games; and
- the value for a contingency budget (to be held separately by the Welsh Government) was researched and a figure of 24% added to the cost. Further details about how the figure of 24% was derived is presented at the end of the Financial Case.

178. Two key points should be noted:

- the budget for safety and security would need to be discussed further with the UK Government as policing is not a devolved matter in Wales; and
- the cost of the athletes' village and satellite accommodation village(s) include working capital to enter in to commercial negotiations and legal agreements. Income from the sale of assets after the Games has not been taken in to account because the preferred option, as outlined in the Commercial Case, is to lease the land and "shell" units for the period necessary to fit out the site, hold the Games and then return the site to the owner in the agreed condition. For this reason no income has been assumed for the later re-sale of any land of housing.

179. Please note, the costs in Table 9 are primarily in 2016 prices because they were compiled as a result of technical analysis of present day costs and from evidence available after the Glasgow 2014 Games. These figures provide the base-line from which the potential actual costs to the Welsh Government of delivering the 2026 Games were developed (shown in the last row of the table).

Table 9: Overall Costs for Each Option (not incl. income)

	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East / North East Wales
	(£ million)	(£ million)	(£ million)	(£ million)
Athlete development	12	12	12	12
Allocated via Sport Wales to elite and talented athletes to build capacity to win medals.				
Cultural programme	52	52	52	52
Games-time cultural events, Queen's Baton Relay and longer-term community programmes.				
Regeneration legacy	148	154	148	154
Infrastructure for Games-time and in to the future, e.g. park and ride sites, station up-dates; opportunities to gain experience and skills; support for <i>Getting Wales Moving</i> policy initiative.				
Games delivery	334	400	334	390
Delivery company staff, legal and financial services, logistics and transport, technology, advertising, sponsorship and village operation.				
Venue (build)	136	145	130	147
Venue (overlay)	60	65	61	61
Venue Use Agreements	23	25	23	23
Village	37	66	37	38
Preferred option is to lease units, undertaking necessary works to accommodate athletes and returning units afterwards.				

	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East / North East Wales
	(£ million)	(£ million)	(£ million)	(£ million)
Security	90	120	91	100
• Venue and village security, before and during the Games.				
Bid	6	6	6	6
Contingency @ 24%	215	251	214	236
TOTAL	1,113	1,296	1,107	1,219
TOTAL (by closedown in 2032 including 24% contingency and inflation)	1,323	1,542	1,317	1,451

180. Table 10 presents the calculated projected spend profiles for the delivery of the 2026 Games options. Please note, the spend profiles do not include spending the contingency budget. The spending indicated after the 2026 Games is required to close down the Games – completing the contracts to return venues to their owners, salaries of Games Organising Company staff to finalise contract closures, and for the monitoring commitments after the Games for example the production of the evaluation reports, monitoring completion of community grant activities and monitoring of the wider Games-benefit indicators. For completeness, the total cost including the contingency is presented as the last row of the table.

Table 10: Projected Spend Profile (real prices, not incl. income)

Year	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East / North East Wales
	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)
2016/7	222	222	222	222
2017/18	2,255	2,255	2,255	2,255
2018/19	3,700	3,700	3,700	3,700
2019/20	25,966	25,966	25,966	25,966
2020/2021	8,519	8,738	8,519	8,519
2021/2022	37,487	40,941	37,599	37,599
2022/2023	93,519	114,768	92,382	92,382
2023/2024	136,419	158,614	133,521	139,316
2024/2025	200,351	205,671	197,986	219,857
2025/2026	126,314	147,537	127,520	141,689
2026/2027	432,260	535,025	432,260	498,371
2027/2028	80	80	80	80
2028/2029	13	13	13	13
2029/2030	13	13	13	13
2030/2031	13	13	13	13
2031/2032	14	14	14	14
TOTAL (including inflation between 2016 and 2032)	1,067	1,244	1,062	1,170
TOTAL (including 24% contingency and inflation)	1,323	1,542	1,317	1,451

Value Added Tax (VAT)

181. The correct payment of VAT is an important consideration for delivering the Commonwealth Games. There are significant differences in requirements for the Welsh Government compared to local authorities and private companies (including the

Games Delivery Company). For this reason, the correct accounting of VAT must be included in the calculation of the cost of delivery.

182. For example, the Welsh Government is governed by HMRC's *Treasury (Contracting Out) Service Directions*. This means that only VAT incurred on services included within this direction can be recovered. Any VAT incurred on new buildings or construction that is undertaken by the Welsh Government would be non-recoverable. Staff seconded to the Games Organising Company would also incur non-recoverable VAT on their salary costs. A value of 20% must therefore be included in the calculation of these costs and in the "bottom line" for the Welsh Government. In addition, an unknown element should be allowed for in the determination of an appropriate contingency budget within the Games delivery budget. The Welsh Government's Financial Policy Control and Development teams have kindly agreed to liaise with HMRC, should the decision be made to progress with a bid, to clarify the rules and regulations that would apply to Wales

183. Examples of the current variations in the application of VAT regulations are outlined below:

- Local Authorities are governed Section 33 regulations meaning that they can recover the majority of the input tax they incur.
- Projects delivered by other organisations, for example a University, would be subject to the VAT rules relevant to that organisation generally meaning that much of the VAT would be recoverable.
- The Games Organising Company will be registered for VAT (all businesses with a VAT taxable turnover more than £83,000 must register with HM Revenue and Customs.) Any input tax that is incurred against the sales income that is received can be recovered. It should be noted however that if this company is grant funded then any input tax incurred against this would be non-recoverable as it would not be classed as a business activity.

Income and Value-in-Kind

184. An investigation of potential income to off-set the cost of holding the 2026 Commonwealth Games was undertaken using four sources of evidence:

- analysis of the commercial revenue streams reported for the Glasgow 2014 Games (Audit Scotland, 2015);
- information regarding value-in-kind agreements from the Glasgow 2014 Games;
- advice from the Commonwealth Games Federation regarding future arrangements for negotiation of broadcasting rights; and
- discussions with Scottish Government officials regarding their experiences after the Glasgow 2014 Games and options for disposal of assets after the Games. Allied to this, consideration was given to the current situation in Wales where a number of local authorities contract out their leisure services and facilities and

therefore the number of potential buyers of venues after the Games would be likely to be limited.

185. Based on Audit Scotland evaluation (2015), commercial revenue streams at the Glasgow 2014 Games generated £118 million income split as follows:

- Sponsorship: £43.6 million
- Ticket sales: £33.9 million
- Broadcasting rights: £33 million
- Merchandising and licensing: £1.8 million
- Other¹⁵: £5.7 million

186. In estimating the potential income that might be anticipated for a Commonwealth Games in Wales in 2026, it is worth noting two key elements:

- for Glasgow 2014 the value-in-kind from sponsors was approximately half the total figure; and
- income from broadcasting rights is generally the same as the cost to set up the commercial arrangements and therefore cancels out. For this reason, in the calculation of both projected costs and income estimated for Wales values for broadcasting have not been included.

187. In its Strategic Plan 2015-2022, the Commonwealth Games Federation outlined its objective to retain, coordinate and sell all broadcast rights for the 2018 Games and beyond as part of a new commercial approach. A consideration of the broadcasting rights arrangements would therefore be an important aspect of developing a future Games bid. For example, the BBC currently holds the rights and delivers live terrestrial coverage. Any change to this would have a consequent impact on the value of the event. Further discussions with the BBC would be required should the decision to bid be made.

188. Based on the information outlined above, Table 11 presents an initial estimate of potential income for the Welsh Government – a total of £81 million (at 2016-prices). For the reasons outlined, this figure does not include any income that might be recoverable from the sale of the new buildings after the Games: a new stadium, velodrome, swimming pool and diving facility, possible new facilities for table tennis, shooting and lawn bowls. Neither does it include the sale of any equipment such as tables, chairs, computers, beds or fridges, etc., because these could be donated to charity or schools. All workforce keep their clothing as souvenirs. Further detailed analysis would be undertaken as part of the Games bidding process to identify whether income from the sale of building assets might be achievable. As noted throughout this feasibility report, potential income has not been included in any of the cost figures presented.

¹⁵ Other income included £1.5 million received from the Commonwealth Games Federation after the Games to cover costs for Glasgow to transfer their knowledge and experiences of planning and delivering the 2014 Games to the organisers of the 2018 Games in the Gold Coast.

Table 11: Summary of Income for Wales from 2026 Games (2016-prices)

	Value (£million)
Tickets	34
Sponsorship*	45
Licensing	2
TOTAL	81

* not broadcasting

189. It should also be noted that sponsorship generation in Wales has always been a challenge and probably a bigger challenge than the rest of the UK because Wales does not have the same kind of major businesses with Head Quarters in the country as were present in Scotland for the Glasgow 2014 Games.

190. It is also worth noting that the potential for generating income will be effected by the Games cluster option. Evidence from the Glasgow 2014 Games indicated that a tightly clustered Games with a hub of activities creates a lively atmosphere with greater potential numbers of visitors and greater likelihood of increased income from sporting and other cultural activities. This is called the “Festival Effect”. For Wales, option 2 sets out a dispersed model for the Games. While this model opens up the sale of tickets for individual events to local communities that might not otherwise travel to the Games, initial discussions with broadcasters have suggested that with individuals and sports separated from each other by relatively large travel times, broadcasting companies may not cover all events or spend good amounts of time in locations to develop stories related both to sports and cultural and social events. The dispersed nature of the events could therefore lead to greater difficulty securing sponsorship deals leading to a reduced capacity to gain income as well as reduced positive promotion of Wales to a viewing public.

Funding Gaps

191. In order to be able to fund the proposals further detailed examination of the options would be required by Ministers and officials across Welsh Government including Strategic Budgeting. In addition to avoiding cost escalation through the use of robust programme and project management and legal and commercial agreements, three potential areas of funding have been identified to-date:

- budgets would have to be committed from across a wide range of Welsh Government Departments over a period of ten years;
- the Wales Act gives the Welsh Government borrowing powers to invest in capital projects from 2018. From that time, Ministers will be able to borrow to invest in any devolved area of responsibility, up to a total limit of £500 million. Early access to borrowing powers has been granted, for example, to help finance the new section of the M4 to the south of Newport; and
- creation of a temporary council tax precept to contribute to the Games costs.

192. For the London 2012 Olympics, an initial programme¹⁶ for financing identified that a proportion of the funding might come from a Greater London Authorities council tax precept. The rate was set at ten payments of £20 for a band D property and an eleventh payment of £9 between 2006 and 2016. With a 2015 estimated population of 8.67 million to call on, the council tax precept was able to raise, broadly, £625 million. The current 2016 population for Wales is 3.168 million. While raising money via a council tax precept may be possible across Wales, it would be likely to prove contentious.
193. In discussions with the Scottish Government regarding lessons learnt from the Glasgow 2014 Games and how cost escalation can be avoided, six key areas were identified:
- Identify a realistic and robust contingency budget to be held in-Government rather than placing it with the Games Organising Company;
 - ensure the Games Organising Company has a dedicated finance manager in position as early as possible;
 - ensure robust legal agreements are entered in to with venue owners that allow flexibility to change details without incurring additional costs;
 - ensure Games Organising Company staff are only employed when they are needed rather than over fixed term periods regardless of work requirements;
 - separate the safety and security budget from the Games delivery budget as early as possible, to be managed separately by the Strategic Group); and
 - undertake the transport assessment early to determine requirements and costs and design appropriate contracts with suppliers.
194. It is clear from the evidence presented above that to hold the 2026 Commonwealth Games in Wales would be one of the biggest undertakings the Welsh Government has ever made. The financial commitment, between £1.323 billion and £1.542 billion in real terms by closedown in 2032 depending on the option chosen, is significant and would be in place over three Assembly terms. A sustained and significant level of commitment would be required over ten years from a decision to bid to the delivery of the Games, not only from all Departments across the Welsh Government but also from local authority partners, transport companies and private companies. This level of financial commitment would be unprecedented, extremely challenging, and allow almost no flexibility in budget allocation should Welsh Government priorities change over the intervening years.

Contingency Budget

195. In order to determine the value that should be identified as the contingency budget research was undertaken using five sources of information, listed below:
- Calculations were made to assess the potential additional cost that would have to be paid if VAT were chargeable on all aspects of the planning and delivery of the

¹⁶ <http://researchbriefings.files.parliament.uk/documents/SN03790/SN03790.pdf>

Games. As noted above, different rules apply with regard to the recovery of VAT depending on whether a building has to be constructed newly or is refurbished, and whether the contract is let by a public or a private company. A figure of an additional £25 million was calculated should this be the case.

- Sensitivity test calculations were undertaken to review the potential impact of varying year-on-year inflation on the cost of the 2026 Games. The figures for inflation were obtained from the Office of Budgetary Responsibility: Economic and fiscal outlook - March 2016. As forecasts are only available up to 2020/21 the sensitivity tests considered an average value for inflation after that. A figure in the region of an additional £182 million was calculated as a result.
- Advice from the Scottish Government in relation to safety, security and policing, and the unknown potential impacts of changes in “threat level” that might occur nearer to the Games in 2026 suggested a figure in the region of £70 million might be required to accommodate such a change.
- Advice from Gold Coast 2018 officials about the contingency budget that they have allocated stated clearly the need to identify a strong / sizeable contingency budget from the start in order to manage expectations and be in a position to make savings rather than needing to ask for additional allocation.
- Based on extensive evidence of previous scheme delivery, the Treasury Green Book supplementary guidance on optimism bias states that for capital expenditure at this early stage of programme development there may be a mis-assessment of final costs of between 24% and 51%. The variation is dependent on complexity of the scheme being built and the amount of previous experience the client has of this kind of work. After careful consideration it was felt that an optimism bias of 24% would be reasonable for the 2026 Games feasibility work.

196. Using these methods of identifying potential additional costs, and backed by the advice of other Commonwealth Games hosts as well as the Treasury guidance, the decision was made to use a figure of 24% as the contingency value.

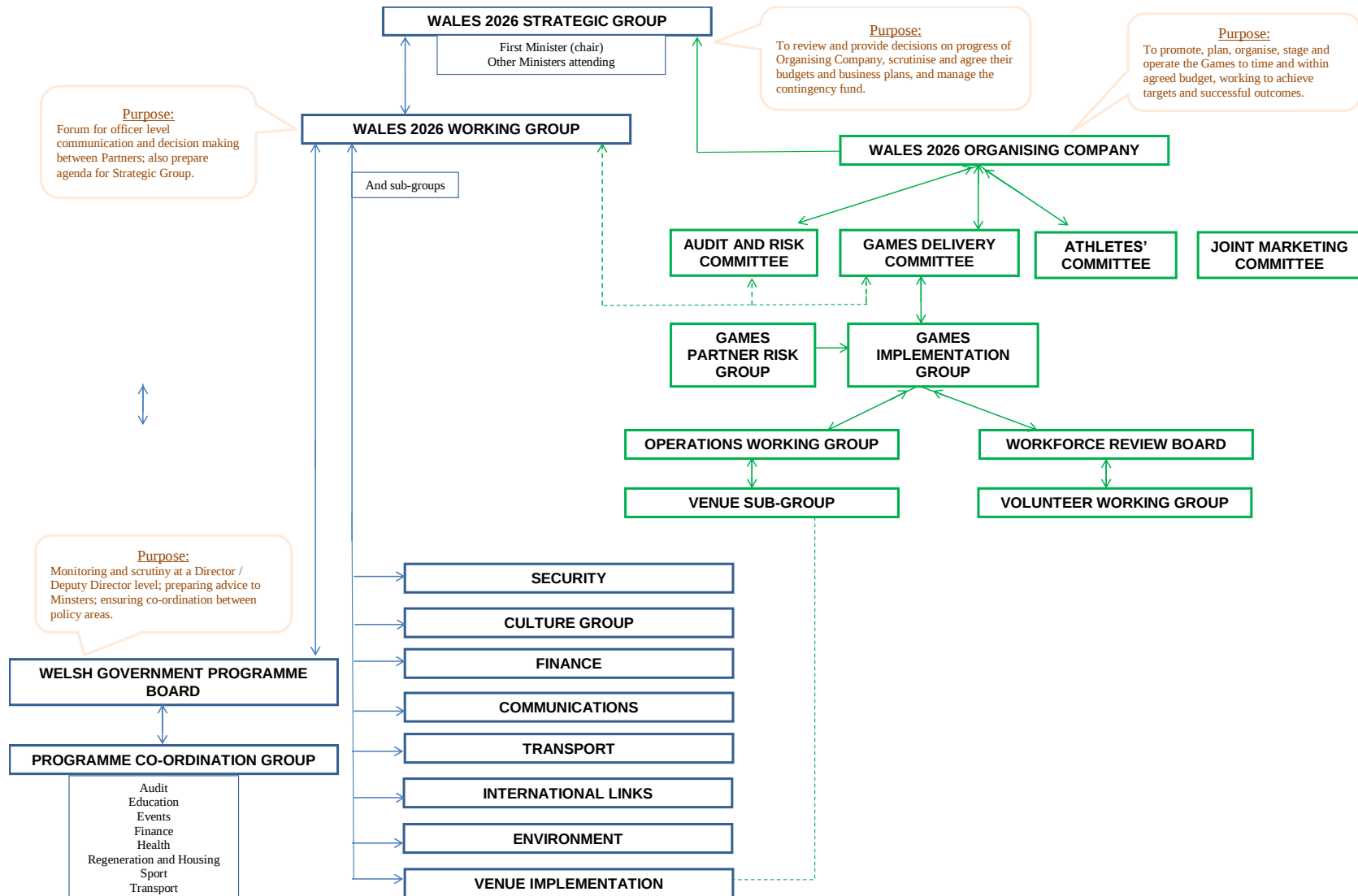
Management Case

197. This section proposes an outline of the governance arrangements that would be needed to hold the Commonwealth Games in Wales.
198. As part of the feasibility study, consideration was also given to the management structure that would be needed in order to produce the 2026 bid document. This information is presented separately in Annex 3. As the development of a bid typically takes two years, that work would need to start early in 2017 to set up the necessary bid development committee.
199. The Management Case information presented below sets out the potential arrangements likely to be required to deliver the 2026 Games in Wales. The section is structured under five headings:
- Governance
 - Reporting
 - Benefits realisation
 - Risk management
 - Evaluation

Governance

200. Figure 4 presents the initial thinking on a management and governance structure for the planning and delivery of the 2026 Games. It has been developed from information presented in the Gold Coast 2018 bid book and the working experiences of the Glasgow 2014 Games as well as public information regarding Durban 2022. The four key management elements are outlined in a little more detail below:
- Wales 2026 Strategic Group;
 - Wales 2026 Working Group;
 - Welsh Government Programme Board; and
 - Games Organising Company
201. Underneath the high level governance structure would be an extensive range of partnerships across public, private and third sector organisations aimed at ensuring a successful Games and legacy.
202. Robust programme and project management arrangements would be in place to ensure effective development and delivery of the Games using industry standard project management best practice and the Welsh Government's Integrated Assurance Hub and the "checkpoint" reviews. More detailed Terms of Reference for the proposed governance and management arrangements would be developed and agreed if the decision to progress with a bid is made.

Figure 4: Games Delivery Governance Structure



Wales 2026 Strategic Group

203. The Strategic Group would be chaired by the First Minister. It would review progress with the preparation of the all aspects of the Games and provide final decisions on matters of budget and delivery plan. It would provide scrutiny of the Games Organising Company and hold the completely separate contingency budget over which the First Minister would have the final decision. The Strategic Group would include appropriate Ministers and the chair of the Organising Company as well as senior Government officials as required. Evidence from the Glasgow 2014 Games suggests that in the last 18 months before the Games a dedicated Minister responsible for the Games would be recommended.

Wales 2026 Working Group

204. The Working Group would be a forum for the internal and external partners leading on strands of Games planning and delivery. It would comprise representatives from sub-groups such as security, culture and international links, providing scrutiny of the work of the Organising Company as well as advice. A key responsibility of Working Group would be to scrutinise the financial plans and spend of the Organising Company and prepare advice for the First Minister.

Welsh Government Programme Board and Programme Co-ordination Group

205. This internal programme board would comprise Deputy Directors or Directors to review and steer progress in each of the Welsh Government Departments and ensure co-ordination in the work of the Departments in support of the objectives of the Games. The Programme Board will receive and review highlight reports from the Programme Co-ordination Group covering matters including audit. Based on the experiences of the Glasgow 2014 Games, over the Games development period a dedicated new Division would need to be created to provide the scrutiny functions mirroring the structures of the Organising Company, and to provide advice to the First Minister.

Wales 2026 Organising Company

206. The operational planning and delivery of the Games would be the responsibility of a Games Organising Company (company limited by guarantee). The Company would be lead by an externally appointed Director and comprise at the start around 20 staff including a Finance Manager.
207. Over the Games planning period the size of the Games Organising Company would be likely to grow from around 20 staff to over 1,500 in the last few weeks. As part of the Glasgow 2014 regeneration budget the Games Company brought back in to use a run-down building which was afterwards marketed to new businesses in the regeneration area. In Wales a similar legacy benefit would be envisaged.

Stakeholder Engagement

208. A review of the work undertaken for the Glasgow 2014 Games indicated that public consultation started in January 2006. The equivalent time line for Wales would be

January 2018 to support the bid submission in spring 2019 and awaiting a decision in autumn 2019.

209. To-date, there has been no public consultation, however, we have undertaken a number of discussions with key stakeholders and venue owners for the purposes of outlining the feasibility work. If the decision to progress with a bid is made, a wider engagement plan would be developed, building, for example, on our discussions with the WLGA to up-date and discuss key areas of work with local authorities. Their input would be beneficial to identify how the positive legacy of hosting the Games could be spread across the country.

Monitoring and Evaluation

210. Project evaluation is a significant part of wider Games delivery work. In 2009, the Scottish Government, with a wide range of partners, developed a Scotland-wide Games legacy plan to realise their vision to deliver a successful Games that would also deliver a lasting legacy for the whole country and maximise opportunities before, during and after the 2014 Games. To do this they created a ten-year monitoring plan that is scheduled for completion in 2019. The equivalent year for Wales would be to 2032. The monitoring covers not only the post-Games reports on visitor numbers, spend, accommodation, media coverage, the impact on the perception of Glasgow and Scotland internationally and detailed technical economic evaluation of the Games but also longitudinal research on the impact of the legacy and regeneration investment on the community of GoWell East, the up-take of sport and use of the sporting venues by communities, and the use of the venues to encourage further major sporting events to Glasgow. In Wales, reviews would be undertaken at regular intervals and a frequency agreed by the Strategic Group. As noted earlier, monitoring would be guided by the 40 national indicators currently being developed to support the monitoring and delivery of the *Well-being of Future Generations (Wales) Act 2015*, for example number 27 “People who take part in sport”.
211. As noted previously, a key feature of the Wales 2026 Games would be the proposal that the benefits of holding the Games would become evident over the ten-year period leading to the Games themselves. Identification of the monitoring indicators would be undertaken by a task and finish group comprising representatives from all local authorities across Wales. This group would identify where benefits could be secured as a result of activities related to the Games and would assist in the identification of the criteria used to allocate grant funding to community bids for Games related regeneration and legacy activities.
212. Monitoring would also be undertaken using specially commissioned surveys and data obtained from the National Survey for Wales. Specifically designed questions would be asked at least to 2032 and would be complemented by long-running statistics carried forward from the results of the Welsh Health Survey such as:
- adults’ average number of physically active days in the past week; and
 - obesity levels and number of people overweight in Wales.

Outline Arrangements for Change and Contract Management

213. As outlined in the “Projects in a Controlled Environment” guidance (PRINCE 2), should a project team determine that a decision or assumption needs to be reviewed, a request would be made via a formal change control process. The change request would detail the decision that needs to be reviewed, what changes are proposed, the impact of the proposed change and any changes to the risk profile that would arise as a consequence of enacting the change.

Outline Arrangements for Benefits Realisation

214. A strategy and framework for benefits realisation would be developed early in the bid development process and refined further as part of Games planning and delivery. It would set out arrangements for identifying potential benefits and then planning, modelling and tracking progress towards their achievement. The benefits realisation strategy would assign responsibilities for the actual realisation of those benefits throughout the key phases of the programme.
215. The benefits register would set out who would be responsible for the delivery of specific benefits, how and when they would be delivered, and the required mitigation / counter measures that may evolve over the course of the programme. The benefits register would be developed in discussions with partners and stakeholders to determine both a priority order for the benefits, targets and key dates for achieving them.
216. The Welsh Government’s mandatory Impact Assessments: Equality, Rights of the Child, Rural Proofing and Welsh Language, would be undertaken and matters arising taken in to account when developing the benefits register and realisation strategy.

Outline Arrangements for Risk Management

217. Risks management strategies would be produced, regularly reviewed and up-dated, and actions taken to mitigate negative impacts. Each of the Games delivery work-streams (projects) would be managed day-to-day by a project manager using best practice project management techniques. Each project manager would be required to set up and maintain a risk register and issues log for their project, and to ensure they are reviewed and up-dated at each project team meeting. The programme manager (Welsh Government and Delivery Company Director) would be responsible to ensuring an over-arching risk register and issues log is maintained. Any project risk with a residual score of 15 or greater would be escalated to the programme risk register and brought to the attention Programme Board at each meeting. The Delivery Company Director would present the programme risk register to the Strategic Group alongside proposed mitigation for each risk. The Strategic Group would be asked to endorse the mitigation actions, propose different mitigation or accept the increased level of risk. The Delivery Company would be responsible for ensuring the wider mitigation measures were implemented.

Monitoring Programme and Project Management

218. Programme delivery evaluation would be undertaken by the Welsh Government's Internal Audit team. These reviews would examine the governance, communications with key interested groups, progress against timescales, management of change and achievement of budgetary forecasts. Lessons learnt would be extracted for wider use within Welsh Government and elsewhere. It is likely that the programme would also be subject to an external evaluation by the Wales Audit Office.

Post Implementation Review

219. The timeline for undertaking the post-implementation review would be agreed as part of the wider programme management arrangements in discussions with the Strategic Group and the Games Organising Company. Based on the experiences from Glasgow 2014, it is likely that the post-implementation review would be undertaken within 18 months of the Games finishing, and would address four key aspects:

- Have the desired benefits been achieved?
- Were other benefits achieved that were not at first identified, and why?
- What lessons have been learnt and how best can these be shared across the CGF community for the benefit of future Games bids and delivery?
- Going forward, where could future investment capitalise on the beneficial changes that have resulted from the Games and thus achieve even greater value for money on public investment in the future?

220. In addition, it is proposed that after the Games a legacy team would continue within the Welsh Government structure to ensure and complete the review and monitoring of the impacts of the Games for a period of five years. They would produce a final evaluation report in 2032.

Management of the Contingency Budget

221. Based on discussions with the CGF and officials involved with the Glasgow 2014 Games, to ensure the contingency budget is utilised as effectively as possible, two specific management processes need to be in operation, outlined below:

- The main contingency budget would be over-seen by the First Minister. Applications for budget over and above the core estimated costs would be scrutinised in significant detail and all opportunities for efficiency savings would be reviewed before a decision would be made at this senior level.
- The second contingency would be “top-sliced” from the core budget allocated to the Games Delivery Company and held by the Company's Finance Manager rather than each individual work-stream project manager. In this way budget can be used most effectively across the delivery programme and moved between the themes effectively. Only in exceptional circumstances would a request need to be made to the First Minister for access to the over-arching contingency budget.

222. The contingency budget has been set to-date at 24%. Further details are presented in the Financial Case.

Annex 1

Winnability

223. In forming a judgement on the potential of a bid from Wales to win the 2026 Commonwealth Games four areas were considered:

- it is likely to be a competitive bid process;
- in the design of potential Games options for Wales, what features are likely to gain support from the other Commonwealth Games Associations;
- are there any potential unique selling points that could make a bid by Wales stronger or weaker than the potential competition; and
- what might be the advantages and disadvantages (risks) of not bidding in 2026 and perhaps waiting until a future bidding cycle.

What Games Features are Likely to Gain Support?

224. Key to the consideration of the 2026 Games options was the potential of each to gain support from the other Commonwealth Games Associations. The Commonwealth Games Federation has indicated that a proposal to hold the Games in a cluster of regional locations is a welcome innovation as this model would encourage other countries to bid that could not otherwise have supported a Commonwealth Games in one city. However, the ethos of the Commonwealth Games is to bring athletes together both to compete and for cultural exchange. There are a number of expectations from a host nation, in particular that athletes should not have to travel more than an hour and, depending on the sport, ideally not more than 45 minutes between their accommodation and venue events. In addition, a hub of activities, both sporting and cultural, is likely to be of positive benefit for spectators and support the Commonwealth Games ethos. For these reasons, a wider geographical spread of athletes, for example in venues across Wales and in small satellite villages would not support this ethos and would not be likely to secure votes from the other Commonwealth Games Associations.

225. CGW has advised that such a widely dispersed bid would be unlikely to gain support from the other voting Commonwealth Games Associations and neither would they support it if another country put forward such a bid. With little chance of winning CGW would not support, and therefore not submit, an all-Wales bid to the CGF. The CGW believe the strongest bid, in terms of “winnability” remains the South East model (option 1). However, they would support a North East / South East Wales model (option 4) but believe the proposed split of sports to North Wales is at the limit of acceptability in terms of a winning bid. The South East model is also the least expensive.

Potential Unique Selling Points for a Wales Bid?

226. For this aspect of the consideration, four elements were identified:

- opportunities to facilitate regeneration;

- opportunities for positive messaging about the Commonwealth Games around the world;
- creating a high quality cultural programme; and
- evidence of holding successful sporting events.

Regeneration

227. In previous Commonwealth Games, opportunities to stimulate and bring forward regeneration strategies and their consequent social and economic benefits have been an important factor in the choice of host city by the Commonwealth Games membership - for example in the development of the athletes' village in the East End of Glasgow. In the four Games options being considered for Wales, there are no clear large regeneration opportunities of this kind in locations that can hold a Games. In this environment, Wales might be at a disadvantage to other bidders if their proposals do contain a significant regeneration opportunity as a result of the Games investment.

Positive message about the Commonwealth Games

228. There are two aspects: 2026 would be the Queen's centenary year; and the fact that the Commonwealth Games was last held in Wales in 1958 and held the first Queen's Baton relay might also have a bearing on the support given by the other Commonwealth Games Associations to a bid by Wales.

Cultural Programme

229. The Cultural Programme will be a formal criteria against which the 2026 Commonwealth Games bids will be assessed. Annex 6 presents further information about the ideas that have been discussed to-date.

Sporting Events

230. Table 12 lists the previous experience of Swansea, Cardiff, Newport and Wrexham hosting major sporting events over the last ten years. The evidence suggests that Wales has a strong record of holding major events although not any multi-sport events held over a number of consecutive days. It is not clear whether this is likely to be an advantage or a disadvantage in the deliberations of the Commonwealth Games membership.

Table 12: Sporting Events Held Previously by Potential Locations

Location	Event
Cardiff	Rugby World Cup (1999) Six Nations (annual) Ashes Cricket (2009) Cardiff Half Marathon (2009, 2015) World Half Marathon (2016) Football League Challenge Cup Finals (2001 and 2005) FIM British Speedway Grand Prix (2016) Autumn Rugby Internationals - TBC Royal Visit for Jubilee (2000) Europa Cup Final (2014) Events for the Olympics (2012)

Location	Event
	UEFA Super Cup (2014) Premier League Football (19 matches, 2013/14) Football League (weekly) Pro 12 Rugby Union (weekly)
Newport	NATO (November 2014) The Ryder Cup (2010) The Wales Open European Tour Golf Tournament (annual) Newport Half Marathon (annual) Pro-12 Rugby Union (weekly)
Swansea	Premier League Football (19 matches) World Rugby Sevens Championships Swansea Half Marathon (annual) League Cup Winners Parade (2014) Pro-12 Rugby Union (weekly)
Wrexham	Conference Premier and Football Leagues (2005, 2015) Wrexham Marathon Festival

231. It is worth noting at this point that a bid for Wales would require new sporting facilities to be created in order to accommodate the Commonwealth Games requirements. Once created these facilities could be utilised in bidding for future major sporting events both before and after the 2026 Games. These two factors could be an advantage and as result gain support from the Commonwealth Games membership.

Advantages and Disadvantages (risks) of Not Bidding for the 2026 Games?

232. Consideration was given to the risks of not bidding for the 2026 Games and/or of bidding for a later Games. This assessment was undertaken in discussion with individuals from the Steering Group, Welsh Government officials and CGW. Table 13 presents the findings of that assessment.

Table 13: Advantages and Disadvantages of Not Bidding for the 2026 Games

Advantages	Disadvantages
Additional time would allow: - Welsh Government to work with venue owners to up-date and build new facilities, spreading the call on budgets and potentially reducing the overall cost; and - new venues to be built and tested as well as given them an opportunity to generate income and build support from the public before the Games. Additional time would ensure the completion of key transport schemes such as the new link of the M4 to the south of Newport, and for additional aspects of the South Wales Metro phases to be completed.	Reputational damage to the Welsh Government and to Wales on the global sporting stage as a result of being seen as unable to bid for and hold this major sporting event. There is currently Commonwealth Games family support for Wales to bid to hold the 2026 Games. Support might not be maintained for 2030. There has been widespread political support in Wales and a growing expectation for a bid by Wales for 2026. Critical comments could be made by Assembly Members of a lack of ambition by the Welsh Government. Loss of momentum at this time could lead to a decision not to bid for the Games at any point in the future.

Advantages	Disadvantages
It would allow more time for the Welsh Government to direct budgets in to areas that would support the objectives of the Games (for example in health or education) as well as to earmark new budgets to deliver the Games. Currently the Commonwealth Games Federation does not allow cross-federation bids (for example Wales jointly with England (North Wales and Liverpool or Cardiff City Region and Bristol). This might become a possible option for 2030. It should be noted, however, that Commonwealth Games have been clear that they would not support this kind of proposal.	As 2030 is the Games centenary year there may be increased competition to hold those Games meaning that Wales would be less likely to be successful with its bid. Not bidding would result is a loss of income compared to what would have been expected as a result of holding the Games in 2026 – not only the loss of Games-times visitors, but also the long-term loss of an additional four years of increased visitor numbers as a result of raising awareness of Wales to the international and UK visitor markets. Not bidding could result in losing the opportunity to utilise Glan Llyn as the athletes' village should the Welsh Government want to bid for later Games after 2026. In this case an alternative village site would have to be found and at this time there appears to be no suitable locations available. Not bidding could result in the costs of the athletes' village becoming greater in any future bid because the private company developing the site would have to be compensated for holding back the completion and sale of the properties to the public. Not bidding might mean that desired investment in new or refurbished sporting facilities such as a new athletics stadium, aquatics centre and velodrome will not be taken forward either. Not bidding could be seen as a lost opportunity by Government to use the Games as a catalyst to increase participation in physical activity and sport at all levels that could lead to long-term potential benefits to public health. Not bidding might remove absolute deadlines for key infrastructure projects such as the first phases of the South Wales Metro, or the new section of the M4 around Newport so that final delivery slips in to the future. Not bidding for the 2026 Games would be likely to mean that England would bid instead. If England were successful, it is unlikely that Wales could bid again – and anticipate being successful – before 2034 or 2038.

233. In summary, given the evidence presented above, it would seem that there would be a better chance of Wales winning if the bid were a more tightly clustered regional arrangement rather than a more dispersed or all-Wales bid. There are unique selling points that may give Wales an advantage over other bidders such as a proposal to hold a Games in a cluster of regional locations; the fact that the Games has not been held in

Wales since 1958, and the potential that 2026 might be the head of the Commonwealth's 100th birthday. The fact that a bid for the 2026 Games would require new sporting facilities to be provided might be seen as either an advantage or a disadvantage in terms of generating support from the other Commonwealth Games membership. And finally, it is likely that there would be reputational damage to the Welsh Government as a result of not bidding for the 2026 Games that could put a temporary strain on working relationships with the Commonwealth Games Federation, however it would not preclude Wales from bidding for a future Commonwealth Games after 2026.

Annex 2

Venues and Scoring for each Regional Cluster Option

234. As part of the assessment of the long-list of possible venue sites leading to the development of the short-list options, a multi-criteria scoring system was created. Table 14 lists the description of the scoring used to assess each venue. A colour-coding system has been used for ease of reading (see Table 14):
235. This assessment was undertaken by technical expert, *McKenzie Sports Architecture Ltd.*, and as a result of discussions with Commonwealth Games Wales. Table 15 presents a comparison of the total scores received by each option as a result of the multi-criteria assessment. It can be seen that option 3: South East and limited North East Wales (Wrexham) has the highest score and is therefore the most straight-forward of the options for delivery using the assessment criteria below. It should be noted, however, that these criteria will not be the only aspects considered in deciding whether to pursue the 2026 Commonwealth Games.

Table 14: Description of Scoring used in Multi-Criteria Assessment

Score	Description
1	New build – inherent risks related to not having planning permission, construction contracts, time, potential for increased costs. If a refurbishment – a very complex problem, split sites.
2	Substantial refurbishment or new build – could be in the region of £20 to £50 million but this is not the only factor, also includes re-siting existing users, disruption to existing site, construction contracts, time, potential increased costs. A large scale refurbishment possibly on a restricted site.
3	Major or complex refurbishment – could be in the region of £20 million but this is not the only factor, also includes re-siting existing users, disruption to existing site, construction contracts, time, potential for increased costs. Less complex than scoring 2 – possibly as a large site, more room for manoeuvre.
4	Major refurbishment – could be in the region of £10 million but this is not the only factor, lower complexity and less scope for disruption than scoring 2 or 3.
5	Refurbishment with overlay plus, and temporary seats / venue. A more complex refurbishment with greater scale and potential for disruption.
6	Refurbishment, and temporary seats / new pitch.
7	Refurbishment, tidy up.
8	Extensive overlay – e.g. redo paths, course, temp seats, dress site.
9	Overlay – i.e. dress site, temporary buildings for officials and athletes.
10	Simple overlay – dress site only.

Table 15: Games Option, Criteria Score

Option	Criteria Score
1: South East Wales (Swansea, Cardiff, Newport and the Valleys)	188
2: All-Wales	168.5
3: South East and limited North East Wales (Wrexham)	198
4: South East / North East Wales	192

236. Table 16 presents a comparison of the geographic locations of each of the Commonwealth Games sports proposed for Wales in 2026 in each regional cluster option. The colour coding is for ease of inspection of the assessment results.
237. The identification and assessment of the potential venues was undertaken by technical adviser, *McKenzie Sports Architecture Ltd.* in discussion with Commonwealth Games Wales as well as certain venue owners themselves.
238. To note: the provision of boxing at Deeside in option 4: South East / North East Wales has been assumed to be located at the refurbished existing Leisure Centre. If the decision were made to create new flexible events, concerts and conference centre in Deeside as a regeneration legacy opportunity, the assessment colour would change from blue to orange and the total criteria score from 192 to 190.

Table 16: Location of Sports in the Four Options and Colour-Coded Multi-Criteria Score

Sport	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East and North East Wales
COMPULSORY				
Swimming	Swansea WNSC Swansea University	Swansea WNSC Swansea University	Swansea WNSC Swansea University	Swansea WNSC Swansea University
Para-Swimming	Swansea WNSC Swansea University	Swansea WNSC Swansea University	Swansea WNSC Swansea University	Swansea WNSC Swansea University
Athletics	Newport new stadium NISV	Wrexham	Newport new stadium NISV	Newport new stadium NISV
Para-Athletics	Newport new stadium NISV	Wrexham	Newport new stadium NISV	Newport new stadium NISV
Badminton	Cardiff NIAC	Bangor	Cardiff NIAC	Cardiff NIAC
Boxing (Men & Women)	Cardiff Motorpoint	Cardiff Motorpoint	Cardiff Motorpoint	Deeside
Cycling- Road	Newport- Tredegar Park	Abergavenny	Newport- Tredegar Park	Newport- Tredegar Park
Gymnastics- Artistic	Cardiff New Arena	Cardiff New Arena	Cardiff New Arena	Cardiff New Arena
Hockey	Swansea University	Swansea University	Swansea University	Swansea University
Judo	Treforest	Treforest	Treforest	Treforest
Lawn Bowls	Ebbw Vale	Llandrindod	Ebbw Vale	Ebbw Vale
Para-Lawn Bowls	Ebbw Vale	Llandrindod	Ebbw Vale	Ebbw Vale
Netball	Cardiff Ice Arena	Cardiff Ice Arena	Cardiff Ice Arena	Cardiff Ice Arena
Rugby 7's (Men & Women)	Cardiff Principality Stadium	Parc Eirias	Cardiff Principality Stadium	Cardiff Principality Stadium

Sport	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East and North East Wales
Squash	Swansea new Indoor Centre, Swansea University	Aberystwyth	Swansea New Indoor Centre, Swansea University	Swansea New Indoor Centre, Swansea University
Table Tennis	Llandarcy	Wrexham	Wrexham	Wrexham
Triathlon	Cardiff	Tredegar (BrynBach)	Swansea	Swansea
Wrestling- Freestyle	Treforest	Treforest	Treforest	Treforest
Weightlifting & Para-Weightlifting	Newport new Convention Centre, Celtic Manor	Newport new Convention Centre, Celtic Manor	Newport new Convention Centre, Celtic Manor	Newport new Convention Centre, Celtic Manor
OPTIONAL				
Archery	castles	castles	castles	Chirk castle
Beach Volleyball	Bute Park or Swansea Bay Campus	castles	Bute Park or Swansea Bay Campus	Wrexham Racecourse Ground
Cricket (Men)	Cardiff SWALEC	Parc Eiris, Colwyn Bay	Cardiff SWALEC	Cardiff SWALEC
Cycling- Mountain Bike	Margam	North or Mid-Wales	Margam	Margam
Cycling- Para and Track	Newport new Velodrome NISV	Newport new Velodrome NISV	Newport new Velodrome NISV	Newport new Velodrome NISV
Cycling- Track	Newport new Velodrome NISV	Newport new Velodrome NISV	Newport new Velodrome NISV	Newport new Velodrome NISV
Gymnastics- Rhythmic	Cardiff new Arena	Cardiff new Arena	Cardiff new Arena	Cardiff new Arena
Shooting- Clay Target	Blackwood	Blackwood	Blackwood	Blackwood
Shooting- Full Bore	MOD, Sennybridge	MOD, Sennybridge	MOD, Sennybridge	MOD, Sennybridge
Shooting- Pistol	New option at Ebbw Vale	Ebbw Vale or Celtic Manor	New option at Ebbw Vale	New option at Ebbw Vale

Sport	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East and North East Wales
Shooting- Small Bore	New option at Ebbw Vale	Ebbw Vale or Celtic Manor	New option at Ebbw Vale	New option at Ebbw Vale
Table Tennis- Para	Llandarcy	Wrexham	Wrexham	Wrexham
Triathlon- Para	Cardiff Bay or Swansea Bay	Tredegar, Bryn Bach	Cardiff Bay or Swansea Bay	Cardiff Bay or Swansea Bay
Diving	Swansea WNSC Swansea University	Bangor	Swansea WNSC Swansea University	Swansea WNSC Swansea University

Annex 3

Bid Process – key milestones, process, cost, activities, and management structure

239. The Commonwealth Games Federation requires bids for the 2026 Games to be submitted in spring 2019. Table 17 lists the timeline milestones set by the CGF for submitting this bid.

Table 17: Timeline milestones set by CGF

Autumn 2017	Call for bids by Commonwealth Games Federation Expression of interest accompanied by payment of candidate fee
Spring 2019	Bid books handed to CGF
Summer 2019	Inbound visits by CGF
Autumn 2019	Commonwealth Games 2026 awarded

240. The scale of the work required to create the bid would take at least two years to complete. Therefore, should the decision be made to pursue the bid, significant preparatory work would be required. Work to create the bid committee and secure the bid chair would need to start in the autumn 2016 so that work on the necessary detailed legal and financial negotiations with venue owners, and the legislation for the Games Act could commence early in 2017 at the latest. An over-view of all the aspects involved in creating the bid is outlined below.

Over-view of Bid Process and Responsibilities

241. The bid to hold the Commonwealth Games in Wales in 2026 must be submitted by Commonwealth Games Wales (not the Welsh Government) in spring 2019. As the development of the bid typically take two years to complete, the work would need to start in early 2017. For this reason, the financial commitment to the bid and Games would need to be made by Ministers before the end of 2016 when budgets are set. The bid would be developed by a bid committee comprising a wide range of key stakeholders and delivery partners. In addition to creating the bid book, the bid committee would be responsible for ensuring the necessary Acts of Parliament have been created to facilitate the Games; all negotiations with venue owners and accommodation providers have been completed and prices agreed in a legal format; and that a dormant company has been registered that will become the Organising Company to deliver the Games if the bid is successful.
242. The Commonwealth Games is awarded to a Commonwealth Games Association's candidate city by the Commonwealth Games Federation at its General Assembly. This city is chosen seven years in advance of the event, therefore the host city for 2026 will be selected in 2019. A dedicated Games Organising Company must be ready to start work as soon as the Games is awarded.

Cost of Bidding

243. Recent host cities have reported their costs to bid for the Games in the region of £5 to £10 million. The Commonwealth Games Federation is considering whether and how this figure may be capped to prevent creep over time and encourage new cities to bid. Initial, high-level assessment of the work that must be undertaken to develop and submit a bid has indicated a figure of £6 million is likely to be required for Wales to bid to cover the bid activities listed below.

Bid Activities

244. The following list outlines the activities that are likely to comprise the development of a bid:

- Create the Bid Company.
- Commission Welsh Government legislation team to work with the UK government and produce legislation.
- Secure security and policing issues and budget with UK government.
- Over two years – create and publish the bid book, and submit it to the Commonwealth Games Federation by the deal-line date.
- In-house salaries (approximately a team of six):
 - Hotel contract negotiations
 - Athletes' village negotiations
 - Marketing/PR and selling sponsorship to investors
 - Athletes' representative
 - Commonwealth Games Association representative
 - Administrative support and general assistant
- Consultants' fees:
 - Architects' drawings
 - Transport planning (also working with local authorities, emergency services)
 - Design of sports programme
 - Cultural programme development
- External and internal events:
 - Keeping stakeholders and venue owners engaged in Wales
 - At least one international conference with the Commonwealth Games Association representatives (venue, visits, travel)
 - Host evaluation commission visits
 - Attend meetings (e.g. to speak to international federations) and ceremonies, internationally, publicise Wales' bid, build relationships and show commitment, e.g. at the Games handover ceremony
 - Keeping the public engaged and building support to back the bid.

Wider Public and Stakeholder Engagement

245. During the bid development period it is vitally important that a comprehensive plan of engagement is delivered concerning all aspects of building support for the Games. This period of wider public and stakeholder engagement would be used to communicate key messages and target specific groups including media and businesses as well as the general public and sporting and cultural organisations and the other voting Commonwealth Games nations.
246. A review of the work undertaken for the Glasgow 2014 Games indicates there were two primary strands to their campaign. The first was the public consultation which started with their “Back the Bid” campaign in January 2006. The equivalent time-line for Wales would be January 2018. The aim of this work would be to ensure popular support alongside the external facing promotional activity that could also be used as evidence in the final bid submission.
247. In addition, members of the bid committee and other champions would aim to build support across the other Commonwealth nations by undertaking personal visits to those countries to present to those Commonwealth Games Associations. In discussions over the details of the bid, the proposals would then be refined and made even more attractive to the other voting countries.
248. Discussions with officials involved in the Glasgow 2014 bid work highlighted that the resources and effort required to create and deliver a successful “back the bid” campaign should not be underestimated.

Programme Management for Bid

249. Figure 5 presents an outline of the management structure that could be used for undertaking the bid work. The structure of the bid governance and delivery process would be similar to the structure of the delivery company if the bid were to be successful. The bid proposal is grouped under four headings:
- First Minister’s Steering Group;
 - Welsh Government Programme Board;
 - Regional Sub-Committees; and
 - Bid Committee.

First Minister’s Steering Group

250. The First Minister’s Steering Group would be relatively small with only five members representing the funding partners, an externally appointed bid Director, and secretariat. Each member may delegate to a named representative as well as call in support for agenda items as required. This Steering Group would monitor and manage the progress of both the bid development work, and if successful, the implementation of the bid leading to Games delivery.

Internal Welsh Government Programme Board

251. This internal programme board would comprise Deputy Directors or Directors to review and steer progress in each of the Welsh Government Departments. If they have seconded staff to the Bid Committee then additional linkages may be built in to review and monitor progress at this internal Programme Board level.

Regional Sub-Committees

252. Managed by the local authorities where Games events and/or key non-Games venues would be located. These Committees would be responsible for ensuring all their geographical representatives (public and private) are present and engage with the work that needs to be completed. These Committees would also be responsible for ensuring they feed in at the correct level to the work of the theme teams.

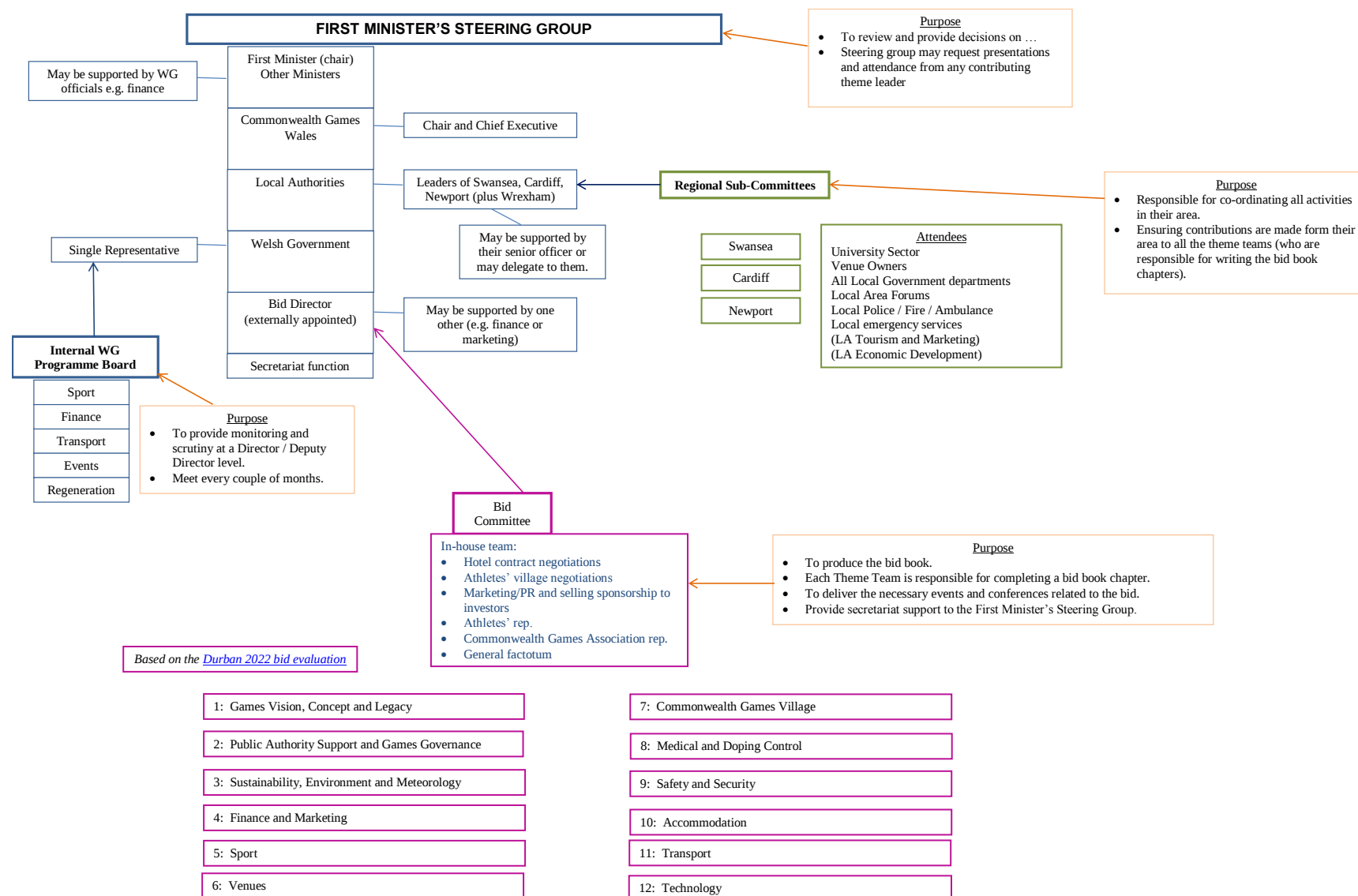
Bid Committee

253. The Bid Committee would be lead by an externally appointed bid Director and would comprise in the region of six in-house staff focussing on key aspects of the bid development work. The in-house staff would also manage the theme teams who would be responsible for writing their theme chapter for the bid book. Each theme would be led by a chair and comprise as many members contributing knowledge or assistance as the chair and bid Director believe is necessary. The bid Director would determine the extent to which any external expertise may be required to add to the bid book.
254. Key aspects of work would need to be completed as part of the development of the bid that would require significant resources to be available to complete. These are:
- negotiation of the venue use agreements for both sporting and non-sporting venues;
 - development of legislation both in-house and with officials in the UK;
 - initial identification of a building to house the Games Company;
 - development of a bid name and logo; and
 - specification of a Games Organising Committee, in particular the identification of a Chair who, if appointed, may attend the Bid Committee meetings.

Outline Project Management

255. For the bid process it is anticipated that each of the chapters required in the development of the bid book would have a separate project manager who would report to the bid Director using highlight reports and the established risk and issues register. The bid Director would report, usually by exception, to the First Minister's Steering Group. Theme leaders and chairs may meet as regularly as once a week to ensure joined-up thinking and progress. Should a decision to pursue the bid be made, these arrangements would be developed further in discussion with the Commonwealth Games Federation and former members of the organising committee for Glasgow 2014 and Gold Coast 2018 in order to identify any lessons learnt and good practice developed.
256. For the bid process, the project managers would be responsible for all aspects in relation to the delivery of their bid book chapter, specifically:
- develop and manage project plans designed to deliver intended outcomes to budget and agreed milestones;
 - ensure risk register is kept up-to-date and mitigation measures are in-hand;
 - work towards benefits realisation;
 - secure and manage project resources in consultation with the bid Director;
 - escalate on an exception basis risks, issues and changes to assumptions and decisions; and
 - to act in the best interests of the development of the Wales 2026 bid.

Figure 5: Bid Development Management Structure



Annex 4

Explanation of Costs

257. The costs of each of the four options presented in this feasibility study were calculated using information obtained from detailed discussions with technical advisers, Welsh Government officials and Commonwealth Games Wales, from costs reported by Scotland for the Glasgow 2014 Games and from advice and information related to the Gold Coast 2018 Games.
258. By identifying what each sub-heading in the Table below might comprise it was possible to estimate the potential cost of provision. The following sub-headings present the information utilised for this feasibility study. Table 18 presents the components used to make an informed estimate of the potential costs of the regional cluster options considered (also presented in the Financial Case).
259. Please note, the figures presented in this Annex are in 2016 prices. These figures were then used as the base-line from which to develop the real world costs to the Welsh Government of delivering the 2026 Games by incorporating inflation.
260. The figures have not been off-set to reflect possible income as a result of the Games.

Table 18: Components of Games Delivery Costs (2016 prices, not including income)

	Option 1 South East Wales (£ million)	Option 2 All-Wales (£ million)	Option 3 South East and limited North East Wales (£ million)	Option 4 South East / North East Wales (£ million)
Athlete development	12	12	12	12
Allocated via Sport Wales to elite and talented athletes to build capacity to win medals.				
Cultural programme	52	52	52	52
Games-time cultural events, Queen's Baton Relay and longer-term community programmes.				

	Option 1 South East Wales	Option 2 All-Wales	Option 3 South East and limited North East Wales	Option 4 South East / North East Wales
	(£ million)	(£ million)	(£ million)	(£ million)
Regeneration legacy	148	154	148	154
Infrastructure for Games-time and in to the future, e.g. park and ride sites, station up-dates; opportunities to gain experience and skills; support for <i>Getting Wales Moving</i> policy initiative.				
Games delivery	334	400	334	390
Delivery company staff, legal and financial services, logistics and transport, technology, advertising, sponsorship and village operation.				
Venue (build)	136	145	130	147
Venue (overlay)	60	65	61	61
Venue Use Agreements	23	25	23	23
Village	37	66	37	38
Preferred option is to lease units, undertaking necessary works to accommodate athletes and returning units afterwards.				
Security	90	120	91	100
Venue and village security, before and during the Games.				
Bid	6	6	6	6
Contingency @ 24%	215	251	214	236
TOTAL	1,113	1,296	1,107	1,219
TOTAL (by closedown in 2032 including 24% contingency and inflation)	1,323	1,542	1,317	1,451

Athlete Development

261. This figure was determined in discussion with Sport Wales. It would be in addition to the existing elite athlete funding and provided between 2019/20 and 2026/27. This additional funding would be used firstly to undertake analysis to recommend the sports where Wales could increase its ability to win medals. Based on that, funding would be allocated to support the Sport Wales elite and talented athlete programme, sport governing bodies and to institutions that support the sports, technical and physiological support and research.
262. Funding would also be allocated to ensure a creditable performance by Wales in all the events on the sports programme offered at the 2026 Commonwealth Games.

Cultural Programme

263. A total figure of £52 million has been identified after discussions with officials, Commonwealth Games Wales and stakeholders including the Chief Executive of the Arts Council of Wales. Further detail outlining the potential composition of the cultural programme is presented in Annex 6. In summary, as a result of the discussions outlined above, the following examples give an indication of the types of activities that could be included in a Cultural Programme and an initial estimate of the scale of the costs that could be involved:
- Games-time all-Wales cultural events: £4 million
 - Education programme, new teaching resources and pupil offer activities to sit in the new curriculum from 2021: £3 million
 - Cultural programme, three-year, all-Wales lead-up to Games: £34 million
 - Queen's Baton relay across Wales: £2 million
 - Litter picking programme in partnership with Keep Wales Tidy and the Wales Trunk Road Agencies: £2 million
 - Commonwealth Walkways¹⁷ plus technology: £0.5 million
 - Fun-run after triathlon: £60,000
 - Commonwealth Development Conference: £1 million
 - Promotion of Wales and the 2026 Games at the Durban 2022 Games.

Regeneration Legacy

264. The Regeneration Legacy programme could include:

¹⁷ Commonwealth Walkways (<http://www.outdoortrust.com/>) are a series of large plaques set in to the pavement to connect key sites of interest, designed to encourage people to walk more and learn about the sites they are visiting. Technology means that the maps and information can be obtained on mobile devices as the visitor makes the walk.

- infrastructure that will be used both for the Games and in to the future supporting the all-Wales wider objectives of the Games (such as park and ride sites community-based sports hubs);
- opportunities for individuals to gain experience and skills that will have both short-term and a long-term economic and well-being benefits; and
- support for an all-Wales physical activity strategy.

265. In summary, following discussions with stakeholders at the Steering Group, the following examples were compiled of ideas that could be included in a regeneration legacy programme and an initial estimate of the scale of the costs that could be involved.

- At least six (depending on the option) park and ride sites to support venues and events, reduce negative travel impacts and create long-term facilities to be taken on by local authorities.
- Station up-grades to encourage train use by spectators and longer-term travel behaviour choices, either several sites or one, such as Treforest Estate where Judo and Wrestling will be held, greater use could be achieved after the Games by university students and local employers.
- Create Llanwern Station as a long-term investment in the Metro system; to facilitate sustainable travel at Games time and in to the future for the wider development of the former Llanwern Steelwork site, helping to bring brown-field land back in to economic use.
- Create three new sports venues similar in size and cost to the NIAC for use both by elite athletes in their training programmes in the run-up to the Games, and by the public in the run-up to the Games. They would provide high-quality sport facilities across Wales that would aim to help encourage individuals and clubs at the community level to increase their levels of physical activity and participation in sport with consequent long-term benefits to health.
- “Community Hub” grants (2022 to 2030), based on the new Sport Wales Community Strategy.
- 3 G pitches for schools to extend the period when sport can be played at schools rather than being lost to the weather, offer the opportunity for schools to use pitches in the evenings, and encourage children to play more sport because the quality of the facilities is better with consequent long-term benefits to health.
- Support for an all-Wales physical activity strategy, making contributions between 2019/20 and 2026/27.
- Training for new technical officials both to provide long-term skills for individuals in coaching and community club management, and to generate a resource from within Wales that will be able to assist in providing technical support at the 2026 Games:.

- Job and apprenticeship opportunities, created by ensuring all Games-related contracts include social benefit clauses, and other training opportunities.

Games Delivery

266. This figure was identified after in-depth analysis of the detailed cost records available from the Glasgow 2014 Games and after discussions with the Commonwealth Games Federation. Factors considered included:

- Games Company staff, delivery workforce and human resources
- Legal services
- Financial services
- Sponsorship and VIPs
- Advertising, Engagement, Publications
- Logistics and Transport
- Previous opening and closing ceremonies
- Technology
- Village operation

267. Holding a Games more widely spread across Wales would cost significantly more than a focussed single-centre approach as, for example, there would need to be a second games delivery offices in Wrexham as well as the Newport/Cardiff office; increased numbers of staff not only for the main delivery management but also the “back-room” and later activities such as management of volunteers, training and publicity, etc.; a significant increase (perhaps doubling) the potential transport costs; additional traffic management and liaison along the A55 as well as the M4; and a notable increase in the in the number of technical officials to ensure full coverage in both centres of activity.

Venue Build, Overlay and Use Agreements

268. The figures identified in relation to the venues were developed as a result of detailed technical appraisal by a technical adviser.

Village

269. The costs of procuring the athletes’ village were developed as a result of analysis and discussions with Welsh Government officials. The cost includes the cost of buildings and infrastructure, leasing satellite accommodation and the cost of the agreement to access, occupy, fit out and return the buildings and infrastructure in the main village.

270. The methodology for procuring the main athletes’ village was researched as outlined in the Commercial Case. A number of delivery options were investigated. The most cost effective was to lease the site from the developer. No re-sale value has therefore been included in the cost calculations.

271. Please note, the cost of providing the athletes' village includes assumptions about the quality of the design, materials and build based on advice from Welsh Government officials. It would be possible to make more detailed specifications and costings later, should Wales win the 2026 Games, and include more ecological elements and sustainable factors to add a further legacy potential to this aspect of Games delivery if desired.

Security

272. The figure for security: safety, security and policy was derived from discussions with practitioners and as a result of evidence from key staff from the Glasgow 2014 Games. For certainty, it has been assumed at this stage that all costs would need to be covered by the Welsh Government as we are not sighted on any funding that UK Government provided in this area for the Glasgow 2014 Games. In informal discussions, UK government officials pointed to the Glasgow 2014 model where no UK Government funding was provided for Games delivery. It is therefore prudent to assume that that the Glasgow model would be applied to Wales.

273. It was clear from the information obtained from advice that dispersing the Commonwealth Games events and accommodation widely across Wales would have an exponential impact on the potential costs. It was also clear there was a potentially large degree of uncertainty surrounding the estimate of the costs as unknown increases could easily occur at Games time. The following figures were however identified as an interim:

- Option 1: South East Wales: £90 million
- Option 2: All-Wales: £120 million
- Option 3: South East and limited North East Wales: £91 million
- Option 4: South East / North East Wales: £100 million

Bid

274. An explanation of how the potential cost of developing the bid was estimated is presented in Annex 3. A figure of £6 million was identified.

Contingency Budget

275. An explanation of how the contingency budget (at 24%) was estimated is presented in the Financial Case. In over-view, the contingency budget of 24% was developed from Treasury Green Book supplementary guidance on optimism bias and advice from Gold Coast 2018 officials regarding the need to secure a strong / sizeable contingency budget. Calculations were also undertaken to review the potential cost increases that could result from changes in the application of VAT, security requirements and rates of inflation.

Additional Costs for Wider Wales Locations

276. It is worth noting here the primary differences in cost likely to result from the provision of a Games spread widely across Wales compared to the other Games options assessed (see Table 18). The primary differences in the calculations were:

- **Regeneration legacy:** includes an additional £6 million to take in to account likely need for additional park and ride sites more dispersed around Wales.
- **Games delivery:** includes an additional figure - up to total cost of £400 million – in order to take in to account:
 - need for a second games delivery offices in Wrexham as well as the Newport/Cardiff office;
 - increased numbers of staff not only for the main delivery management but also the “back-room” and later activities such as management of volunteers, training and publicity, etc.;
 - a doubling of the potential transport costs;
 - additional traffic management and liaison along the A55 as well as the M4; and
 - a great many more technical officials housed independently to each satellite village.
- **Overlay costs:** remain as initially calculated.
- **Venue Use Agreements:** an additional £2 million to take in to account the additional agreements that would need to be entered in to.
- **Accommodation:** increased to take account of the many additional locations required in particular the additional major satellite village in a location between Wrexham and Bangor.

Annex 5

Comparison of Strategic Objectives and Games Options

277. Tables 19 to 23 present a summary of some of the main advantages and weaknesses of the four Games options considered against the strategic objectives for the Games. This assessment was undertaken in discussion with technical advisers, CGW and with the Commonwealth Games Steering Group. The tables below are a composite of the matters raised and discussed.

Table 19: Raise the Profile of Wales on the Global Stage

Raise the profile of Wales on the global stage	Advantages	Weaknesses
Over-arching	The opening ceremony for the Games would be a huge advert for Wales, its culture, people and allows messaging to all of the Commonwealth and a Global audience. A well run Games shows: • Wales can deliver multiple events and that its people have the skills and passion to deliver a complex two week event; • Wales is open for business and staging events, conferences and exhibitions; It would allow Wales to showcase the new transport links across the country Wales which would be a clear and positive message to business and investment. And, it would also allow Wales to showcase the significant tourism opportunities through adverts, films and event locations.	Marketing opportunities could be limited if broadcasting and media deals are not structured successfully. Significant investment would be required to ensure a comprehensive marketing and engagement strategy was developed and delivered to a wide range of media for a number of years before the Games, and investment made in promoting tourism and business investment across the whole of Wales. Evidence suggests that, in particular, Wales should be marketing at Germany and USA who are important to the visitor economy in Wales at the moment.
Option 1: South East Wales	Option 1 would create a strong hub for the Games.	Primarily only south Wales would be promoted as part of the Games reporting. Additional work would be required during the lead-up to the Games to deliver a comprehensive marketing strategy that promotes the whole of Wales, and with which residents of Wales feel engaged and supportive.
Option 2: All-Wales	Option 2 would provide increased opportunities to promote a wider range of locations across Wales where events would be held as part of the reporting process during Games time. Residents would be likely to feel more engaged in the Games and more supportive of the events and cultural	The dispersed nature of the events would lead to both loss of positive coverage and increased likelihood of negative press coverage. With individuals and sports separated from each other by relatively large travel times, broadcasting companies may not cover all events or spend sufficient time in locations to

Raise the profile of Wales on the global stage	Advantages	Weaknesses
	programme activities.	develop stories related both to sports and cultural and social events. The dispersed nature of the events could also lead to greater difficulty securing sponsorship leading to reduced income and reduced positive promotion of Wales to the viewing public. Delivering the Games across the whole of Wales would be logistically difficult. There would need to be duplication of accommodation for athletes, support teams, Games Family and media as well as the accompanying duplication and potential redundancy of service delivery, food, equipment and merchandising provision. There would be a vastly increased cost associated with transport, and the cost of ensuring event and venue safety would be exponentially increased. As a result, the potential for negative press coverage would be greatly increased throughout the Games development and delivery. The absence of an athletes' hub could give rise to negative comments in media from athletes, also leading to athletes leaving Wales directly they have finished competing thus reducing the potential for a Games family-feeling at the main village.
Option 3: South East and limited North East Wales	Option 3 would retain the strong hub of option 1 plus with the addition of the event location in Wrexham, there would be greater opportunity to promote locations outside south Wales in Games time reporting. The market for tickets may also be increased as day-trip travel time (approx.. two hours in	As option 1.

Raise the profile of Wales on the global stage	Advantages	Weaknesses
	each direction) would include major settlements such as Manchester, Liverpool and Birmingham, as well as more locations across north Wales where residents would not otherwise travel further south.	
Option 4: South East / North East Wales	Option 4 would build on the benefits of option 3 by offering more events in the northern hub. Option 3 would also reduce the potential weakness as described for option 2.	Dispersing the Games across two hubs at a travel time of over three hours apart might result in reduced coverage of events in the north. Splitting the Games would also require a level of duplication in the provision of support for the athletes< for example team physio and medical support. This could lead to negative comments in the press with regard to costs as well as negative feeling amongst competitors.

Table 20: Positive Economic Impacts

Positive economic impact	Advantages	Weaknesses
Over-arching	There would be economic benefits as a result of three aspects: • investment in infrastructure related to Games delivery; • increased opportunities for employment primarily in the service sector during Games time; and • in the development of skills and training opportunities throughout the development, planning and delivery stages of the Games.	Holding the Games would be a significant long-term investment by the Welsh Government in excess of £1 billion. It would require commitment by successive Assemblies as well as from a wide range of Government Departments. The direct economic benefits of holding the Games are likely to be in the region of 1:1.

Positive economic impact	Advantages	Weaknesses
Option 1: South East Wales	Option 1 would create a cluster of events and a more lively atmosphere, leading to more spending (monitoring in Glasgow showed increased footfall in shops of 21.9% during Games time), greater numbers of potential visitors and greater likelihood of over-night visitors with consequent economic benefits to business. Opportunity to tell a story of a new and improved infrastructure in Wales. Option 1, in particular, might facilitate activities that could help to support and promote the cohesion of the Capital City Region.	Holding the Games in south Wales only could limit the engagement felt by residents in other locations across Wales so that they do not participate in the cultural events and as a result do not spend money in local establishments.
Option 2: All-Wales	Option 2 would provide increased opportunities for economic benefits to be felt across Wales: • local companies might be able to take on more venue over-lay work where they would not have been able to take up contracts in south Wales; • local shops and restaurants may see additional customers during Games time; and • there could be more opportunities for volunteering, gaining experience in service sector jobs and in apprenticeships without having to travel so far.	A more widely dispersed Games would be likely to lead to less income and greater costs. While economic benefits might be felt more widely across Wales, the overall cost of the Games would be greater and the potential overall income and wider economic benefits would be smaller as outlined below • Reduced income There would be less income because fewer spectators would visit ticketed and non-ticketed events leading to smaller potential incomes at sports venues and in eating and drinking establishments. The smaller levels of spectators could result in increased difficulties securing Games sponsorship. While the Commonwealth Games Federation requires certain seating capacities, evidence from Glasgow has shown that in certain sports if larger capacities are provided a greater number of tickets can be sold. Rugby 7s, for example requires 10,000 seating capacity, but when held at the Ibrox Stadium in Glasgow

Positive economic impact	Advantages	Weaknesses
		over 171,000 people attended over the two-days. • Increase costs As noted above, the all-Wales option would require significant transport and security costs and well as the costs for duplicating accommodation for athletes, support teams, Games Family and media, plus duplication and potential redundancy of service delivery, food, equipment and merchandising provision
Option 3: South East and limited North East Wales	By including Wrexham in option 3, there could be greater scope to encourage more day-visits from settlements across the border such as Manchester. The overall cost of Games delivery would be slightly less than option 1 as a result, primarily, of using the University at Wrexham rather than building a new facility for table tennis in a south Wales location. The potential negative impact of disengagement with north Wales would be less than option 1.	As option 1, but slightly reduced.
Option 4: South East / North East Wales	Option 4 would build on the benefits of option 3 by offering more events in the northern hub. Option 3 would also reduce the potential weakness as described for option 2. In particular, the development of a new flexible sporting / conference / concert space in Deeside would create a long-term legacy benefit for the area.	As option 2, although reduced.

Table 21: Drawing Forward Investment in Infrastructure

Drawing forward investment in infrastructure	Advantages	Weaknesses
Over-arching	Holding the Games would create a non-negotiable dead-line for the delivery of a number of key infrastructure projects crucial to maximising the success of the Games. For example, the first phases of the South Wales Metro and the proposed M4 relief road. It could also act as a catalyst to other infrastructure schemes which might not otherwise come forward such as an iconic refurbishment of Cardiff Central Station and other important public transport and park and ride facilities that would have longer-term legacy benefits. The Games would then be used to showcase the improved infrastructure of the region to potential investors.	The level of financial commitment required over the next ten years to deliver all these projects and deliver the Games would be unprecedented, extremely challenging and allow almost no flexibility in budget allocation should Government priorities change over the intervening years
Option 1: South East Wales	As above.	As above.
Option 2: All-Wales	As above.	As above.
Option 3: South East and limited North East Wales	As above.	As above.
Option 4: South East / North East Wales	The development of a new flexible sporting / conference / concert space in Deeside would create a long-term legacy benefit for the area. There would be a legacy benefit to Wrexham Glyndwr University as a catalyst, perhaps, to create up to 200 new student beds, and a significant proportion of accessible rooms.	As above. It should be noted, however, that there is as yet no evidence that a new flexible space in Deeside is required, or would be taken on after the Games by a commercial owner.

Table 22: Positive Impact on Health and Physical Activity

Positive impact on health and physical activity	Advantages	Weaknesses
Over-arching	The opportunities to take part and engage with the additional programmes of activities that would be delivered as part of cultural and legacy programmes could see big changes to the level of physical activity seen as “the norm” across Wales, and to the levels undertaken. There is clear evidence that increased levels of physical activity have a positive impact on mental health and social and community cohesion.	There is currently little or no academic evidence that hosting a major sporting event results in sustained levels on increased activity or that those changes have led to positive impacts on health

Table 23: Wider Social Benefits including Environmental and Welsh Language

Drawing forward investment in infrastructure	Advantages	Weaknesses
Over-arching	- Education An education programme would be developed with schools across Wales so that the back-drop of the Games is used to enhance learning and experience opportunities. - Social cohesion Grants and other programmes would be developed by communities across Wales, bidding for funding from the Games development and delivery budget, that will champion the Games objectives at the local level and encourage participation in physical activities. - Environmental The new sporting venues would be of a high	Environmental The athletes, support teams, technical officials, Games Family, operational staff, volunteers and spectators coming to Wales would create carbon from travel as well as from the goods shipped to Wales to supply the Games, and the waste generated by the food, drink and other service sectors. There would also be additional building work undertaken at venues to accommodate the Games, using natural resources, that would not otherwise have happened in Wales.

Drawing forward investment in infrastructure	Advantages	Weaknesses
	quality, build materials and design that showcases the commitment of Wales to environmental factors such as energy saving and reduction of waste. These would also offer the opportunity to show case Welsh companies and their skills in this area of work. The operation of the athletes' accommodation and the venues would be specifically designed to showcase good environmental practices. Targets for securing environmentally accredited materials and for recycling would be set in the procurement contracts and monitored with penalty clauses attached. As successfully delivered in Glasgow, the operation of the Games would be structured to promote active travel and low carbon travel. • Cultural Opportunities to promote the Welsh language will be the same for all options in terms of the requirements - offering all written and published materials bilingually, and building in to each event elements of learning and awareness raising for spectators and visitors. By 2026 there is the aspiration that use of the Welsh language will be an established part of daily life. Holding the Commonwealth Games would be the catalyst to promote the value of a bilingual nation to an international audience.	
Option 1: South East Wales	• Environmental The cluster presented in option 1 would be able to promote active travel and low carbon travel more successfully than the other options, in particular through the use of the Metro and the newly completed electrified main line	As noted above, holding the Games in south Wales only could limit the engagement felt by other locations across Wales so that they do not participate in the cultural events.

Drawing forward investment in infrastructure	Advantages	Weaknesses
	railway services as well as the proximity of event venues to each other. The cluster arrangements would also mean that there would be less duplication of accommodation provision and the consequent requirements for servicing that uses energy and natural resources, and creates waste.	
Option 2: All-Wales	• Environmental The likelihood of carbon footprint hot-spots is reduced; and there is scope that the companies responsible for building the venues and facilities, who will come from across Wales, would have to travel less distance over the course of their work. • Cultural By holding an element of the Games in Wrexham there could be scope to create greater links with the National Eisteddfod (that would be held in north Wales) as a result of the greater physical proximity.	• Environmental The dispersed nature of option 2 would mean a far greater amount of travel than the other options. This would result in more carbon production – not only for athletes and spectators but also for delivery services. • Cultural If the widely dispersed nature of option 2 resulted in greater difficulties in securing sponsorship deals, and/or broadcasting coverage, and fewer tickets are sold so there are fewer spectators, there could be fewer people internationally watch the Games, thus losing the opportunity to promote Welsh language to an international audience.
Option 3: South East and limited North East Wales	• Social cohesion As noted above, by including Wrexham there could be greater scope to engage with more communities and encourage spectators from across north Wales. The potential negative impact of disengagement with north Wales would therefore be less than option 1.	• Environmental For option 3 it would be necessary to provide a satellite village in Wrexham resulting in additional service provisioning, duplication and additional waste, etc.
Option 4: South East / North East Wales	Option 4 would build on the advantages presented for option 2.	As option 2, although reduced, similar to option 3.

Annex 6

Cultural Programme - Ideas

278. Discussions about the design of a three-year cultural programme (2015 to 2017) undertaken with the Chief Executive, Arts Council of Wales, highlighted a number of questions and ideas that have been presented below. In particular, there were two questions that would need to be answered as these would govern the entire ethos and budget requirement for the cultural programme:

- How much does the Welsh Government want to spend; and
- What does the Welsh Government want to achieve from holding the Commonwealth Games?

279. A “bargain basement” arts and entertainment programme would be good fun but with no lasting legacy, but relatively quick and easy to do. A statement about Wales, its social and cultural position, and to use the Commonwealth Games to achieve economic and social outcomes would require a different set of cultural activities.

Examples of Previous Commonwealth Games Ceremonies

Ceremonies

The Glasgow 2014 Commonwealth Games cost in the region of £23 million (£15 million: opening, £5 million: closing, £3 million: handover ceremonies, management fees and secondees, etc.). These ceremonies typically require in the region of four years to develop.

Queen’s Baton Relay

This is an important event. Ideally this event would last four weeks in Wales so that it can travel the length and breadth of the country so that a very wide range of communities and age-groups can be involved in activities – showcasing the geography, society and businesses across the country. Before arriving in Wales the Queen’s Baton Relay would ideally spend one week in Scotland and perhaps two in England.

Making a Statement about Wales to the World

280. Hosting the Commonwealth Games should be seen as an opportunity to:

- challenge the old stereotypes and change people’s perceptions of what modern Wales is like;
- work with schools to help children learn about Commonwealth countries (and cultural diversity) and to make exchange visits; and
- build economic trade relationships.

Cultural Programme

281. Initial thoughts of a three-year Cultural Programme (2025 to 2027) are listed below. It should be noted that it will take in the region of two years to develop and set up this programme before the start date for delivery.

- **Produce a “top-notch” set of advocate information** to give all visiting journalist- one of the volumes of which would be Wales’ art and culture.
- Working with Visit Wales – **create specially designed packages to take journalists on visits** to all the sites so they realise, and can report back well, about why it is worth visiting Wales. These visits would happen for some years before the Commonwealth Games.
- **Corralling and co-ordinating the arts and entertainment programmes of all the bodies currently in receipt of grants from the Welsh Government** (as well as working with the Tourism teams of the cities and towns holding Commonwealth Games events) in order to be able to brand and badge the events and activities happening in Wales during the Games. Also consider a limited dedicated pot of money to commission additional activities.
- **Branding and city dressing** - flags and banners across the cities and especially the travel gateways, stations, airports, Severn Bridge. There is also the opportunity to showcase successful and innovative architectural skill in the design of the new stadium and the aquatic centre. Again selling the story of Wales’s technical and imaginative skills in high-tech work. (Please note, holding a competition, choosing a design, engineering the design, procuring and getting it built would require perhaps seven years before the branding and promotion of the designs can be marketed.)
- **Social media “personal interest” stories about the athletes**, all aspects of their lives, hopes, hard work, etc.
- **Gifts, presents to athletes, delegates, participants, and other merchandising** - engaging people across Wales to design art for medals, coins, and stamps. Securing the Royal Mint in Wales to produce the items. There is also the development of the mascot (sold hugely in Glasgow).
- **Opening, closing and medal ceremonies** - what image does Wales want to put across at these ceremonies? They are all a marketing opportunity and would require significant work to maximise their potential to promote Wales as a place to visit, invest, work and learn as well as a place to hold future major events.
- A full programme of **working with schools** – to learn about Commonwealth countries, to volunteer to help people, adopt a country, support an athlete or follow a sport. Use sport in maths and english, etc.
- Hold a **world Press event** - like the one held for the NATO conference.
- **Volunteers** – massive programme, training and city champions and advocates as well as generally helping during the Games period.

- **National Eisteddfod** - a key element of the cultural programme will be the National Eisteddfod. It is held every year at different locations across Wales, and always over the first full week of August. It attracts in the region of 150,000 visitors. The event is managed by the National Eisteddfod company and would work in partnership with the Welsh Government and the Commonwealth Games organising company to develop a Games theme as well as to maximise the cultural programme impact of the Games across Wales.
- Agreed and create an appropriate **steering group** including people who have the ability to make things happen in the arts and entertainment world.
- **Monitoring and value for money evaluation** (“advertising equivalent revenue”) - cost benefit analysis – how many people would holding the Commonwealth Games put Wales in front of – and how much is that worth in marketing and promotion costs otherwise?
- **Queen’s Baton Relay** – including additional events across Wales after the Baton Relay has gone passed. Suggested activities include music events – something that will have resonance with the place – supported by food stalls, etc. that will connect both to an audience in Wales and an international audience.

Annex 7

Economic Appraisal of Costs and Benefits - Methodology

282. This section outlines the methodology used to undertake the economic appraisal of costs and benefits. Further information about the calculation of the costs is presented in the Financial Case and in the Annex 4.
283. Hosting the 2026 Commonwealth Games has the potential to contribute to Wales' GVA (gross value added) through five main areas listed below.
- The impact from visitors to the Games.
 - The impact of the Games related capital programmes including investment in the Games venues, athletes' village and wider regeneration.
 - The impact of the activities to deliver the Games including the activities of the organising committee.
 - Cash realising benefits from the disposal of the assets generated by the capital programmes.
 - Commercial revenue generated by the Games (ticket sales, sponsorship and licensing).

Methodology for Assessing Benefits

284. The broad methodology for assessing the benefits is set out below. Each of these is considered in turn.
- i) Identify the *gross levels of expenditure*.
 - ii) Subtract the expenditure which will not contribute to support Welsh jobs and output (*leakages*).
 - iii) Remove the expenditure which will have occurred even if the Games were not held in Wales (*deadweight*).
 - iv) Subtract the expenditure related to the Games that may have been "shifted" from other activities in Wales (*displacement*).
 - v) Establish the *direct impact of the net expenditure on GVA and employment*.
 - vi) Establish indirect and induced impacts (*multiplier effects*).

Stage i): Gross Levels of Expenditures

285. The estimate of gross expenditure from visitors to the Games is based on the figures reported by the Scottish Government for the Glasgow 2014 Games and has been inflated by the Office for Budgetary Responsibility's forecast¹⁸ for the consumer price index to account for forecast changes in prices between 2014 and 2026.

¹⁸ <http://budgetresponsibility.org.uk/download/economic-and-fiscal-outlook-supplementary-fiscal-tables-march-2016/>

286. It has been assumed that the gross expenditure from visitors would be consistent across the four possible Games options as it is not possible at this stage to produce separate visitor forecasts for each of the different options.
287. The estimate of gross expenditure impact of the Games related capital programmes including investment in the Games venues, athletes' village and wider regeneration, and the impact of the activities to deliver the Games including the activities of the organising committee were derived from the cost estimates shown in Table 9 (Financial Case).
288. It has been assumed that the venue infrastructure would have no realisable resale value after the Games therefore no value has been included in these calculations.
289. The commercial revenue assumed to be generated by the 2026 Games (Ticket sales, sponsorship and licensing) was based on figures from the Glasgow 2014 Games impact assessment reports.

Stage ii): Leakages

290. Two elements of the gross expenditure required to hold the 2026 Games would not directly support Welsh jobs and output:
- Taxes, e.g. VAT; and
 - Imports from outside Wales.
291. These elements are said to “leak” from the Welsh economy. As it is not possible to know at this stage what the value of contracts awarded to Welsh businesses would be, it was therefore been assumed that the import rate would be the same as the Glasgow 2014 Games (23%).
292. It is assumed that an average tax rate of 20% applies on gross expenditure.

Stages iii): Deadweight and iv) Displacement

293. Deadweight is the amount of spend in the host economy that would have taken place anyway, i.e. even if the proposed event does not occur. Consequently the spending of people normally resident within the defined impact area is considered 'deadweight' and not included in calculations of direct economic impact.
294. Displacement is the amount of spend by the visitor that would have been spent somewhere else had it not been spent during that particular visit. Therefore, if money is spent at the 2026 Games it will not be spent in other local businesses over the course of the year. Spending by local people in the host economy is therefore considered a recirculation of money that already existed there. Consequently, this spending is not included in the calculations of direct economic impact.
295. This approach is consistent with best practice set out in HM Treasury Green Book, the Events Impact Guidance and the national RDA Impact Evaluation Framework which recommends that all expenditure by visitors who live locally should be disregarded as “displaced expenditure”.
296. In addition, not all non-local spectators visiting the host economy will be eligible for

inclusion in the calculation of the direct economic impact of the Games. This will happen in cases where:

- The event was not their main reason being in the defined impact area. For example, someone from Scotland could be visiting friends or relatives in Wales during and during this trip elected to attend the Commonwealth Games. In this case, the event was incidental to the visit and therefore any related expenditure may have occurred regardless, albeit on something else.
- Visitors changed the timing of their visit to coincide with the event. For example, an overseas visitor might be planning a visit to Wales but decided to plan the trip around the Commonwealth Games. In this case the trip and related expenditure would have occurred regardless, albeit at a different point in time.

297. As with local residents, expenditure by casual visitors is considered deadweight for economic impact purposes.

298. This assessment has assumed that displacement and deadweight would be the same for Wales as for Scotland (Glasgow 2014 Games) and would be consistent across the four possible Games options.

Stage v): Impact on Gross Value Added (GVA) and Full Time Equivalent (FTE) Employment

299. Conversion from net expenditure to GVA and FTE employment was undertaken using estimates of the ratio of:

- turnover to GVA;
- turnover to employment; and
- for the relevant industry using the Welsh Government's priority sector statistics¹⁹.

300. The estimate of the jobs impact of the additional visitors, 2,138, is taken from the Scottish Government's Economic Assessment Technical Report²⁰.

301. Assessment of the FTE equivalent jobs impact of Games related capital programmes makes use of labour coefficients from *ConstructionSkills* (the Sector Skills Council for Construction) which runs a model that forecasts employment requirements for different kinds of construction activity. The labour coefficients express the number of workers needed over a year to deliver £1 million of output. The labour coefficient estimated for public non-housing construction is £1 million of output supports 11.3 FTE jobs.

Stage vi): Multiplier Effects

302. In each main area of potential benefit, listed above, there were assumed to be three types of effect on the Welsh economy:

- A direct effect arising from the initial increase in economic activity, the GVA it

¹⁹ <http://gov.wales/statistics-and-research/priority-sector-statistics/?lang=en>

²⁰ Source: Glasgow 2014 Economic Assessment Technical Report Table 2.5 P26

generates and the additional jobs it creates.

- An indirect effect arising from the additional demand of goods and services along an industry's supply chain.
- An induced effect arising as an effect of households spending a share of the additional income generated through the provision of labour on the consumption of goods and services.

303. The ratio of the direct, indirect and induced income effect to the direct effect is termed a Type II output multiplier. A Type I output multiplier excludes the induced effects, i.e. it is the ratio of direct and indirect to direct effects. Multipliers can also be derived with regard to employment. Both Type I and Type II multipliers for both output and employment were used in this appraisal.

304. The multipliers used were taken from The Input-Output Tables for Wales 2007 produced by Cardiff Business School. These show the flow of goods and services between industries, consumers and Government, highlighting the intricate inter-relationships between industries in the Welsh economy.

305. For each of the individual sets expenditures, the multiplier which most closely matches that activity was used to calculate the multiplier effects. For example, the construction industry multiplier was used to estimate the indirect and induced effects of the Games related capital programmes.