

Manchester City Council Report for Resolution

Report to: Executive – 14 December 2016

Subject: National Cycling Centre Partnership – Naming Rights

Report of: Deputy Chief Executive (Growth and Neighbourhoods Directorate)

Summary

This report outlines a proposal to generate revenue by selling the naming rights and associated sponsorship rights of the National Cycling Centre (NCC). Manchester City Council is now in the advance stages of securing an eight year agreement with Brand X. The revenue generated from the naming right agreement will flow into the Waterfall Fund via the Stadium Right Reserve which will be reinvested to support sport and leisure priorities in Manchester. A report in part B of the agenda outlines the commercial terms of this proposal.

Recommendations

The Executive is recommended to:

1. Approve the proposal to implement the sale of the naming rights and associated sponsorship rights.
 2. Delegate authority to the City Treasurer and City Solicitor in consultation with the Strategic Lead (Parks, Leisure and Events) to negotiate and agree the final terms of the agreements necessary to implement the proposal.
 3. Authorise the City Solicitor to enter into and agree and complete on behalf of the Council all the necessary legal documentation giving effect to the above.
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Wards Affected

Bradford

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
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Financial Consequences – Revenue

A report in part B of the agenda outlines the commercial financial terms of the

proposal.

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1.0 Background

- 1.1 The National Cycling Centre (NCC) was Britain's first Indoor Olympic Cycling Track. Based in East Manchester, it was built in 1994 as part of Manchester's bid to host the 2000 Olympic Games. The Centre was developed as a joint venture between the Sports Council, Manchester City Council and the British Cycling Federation. Funding was provided by the Government, through the Department of the Environment (£6.5m), the Sports Council (£2m) and the Federation for Sports and Arts (£1m).
- 1.2 Manchester City Council is the freehold owner and the Centre is managed by the Eastlands Trust, a not for profit company, whose stakeholders include Manchester City Council, Sport England and British Cycling.
- 1.3 The NCC quickly established itself as the Country's gold medal factory and the standard by which British sport was measured. The Tour de France winners, the Olympic and Paralympic Champions, the millions inspired to get on their bikes have all built on the foundations laid by the City of Manchester. Whilst the Centre services elite athletes, a large proportion of its users are first time, regular and amateur riders who participate in the community coaching programme on offer throughout the year. The NCC is the home to many community clubs, one of which is Eastlands Velo with whom Olympic gold medallist Jason Kenny OBE first experienced track cycling.
- 1.4 Since the venue opened in 1994, it has been used for high profile world sports events such as the Commonwealth Games cycling events and the UCI World Track Cup. The NCC has also hosted none cycling sports related events such as the National Taekwondo Championships, International Netball tests matches and music concerts.
- 1.5 In July 2011, the NCC was expanded significantly with the opening of a new £24m purpose built Indoor BMX Complex with seating for 2,000 fans, introduction of mountain biking in Clayton Vale and a skills area in Phillips Park which included investment of £4m in public realm improvements.
- 1.6 The facility is in constant use seven days a week and thanks to its comprehensive community programme of activities for all levels and abilities, it is one of the busiest in the world. In 2015/16 over 220,000 visits to the centre were recorded. The NCC engages heavily with the local community providing programmes for all ages and abilities from the strider sessions in the BMX track for 2-5yr olds to the veteran sessions on the velodrome track for riders 40yrs plus. In addition to the performance programmes, the centre offers a wealth of coaching sessions targeting local residents such as Access BMX (which is a disability session) of which 48% are Manchester residents and Urban Expression (which is a youth night) in which over 70% of the participants are local youths. The NCC also caters for other sports such as badminton, netball, boxing and cheerleading, broadening its offer and reach to the local community.

2.0 Commercial Development Plan

- 2.1 Manchester City Council has led on the creation of a sports, leisure and cultural offer which is the envy of many other UK cities. As with all other local authorities across the UK, Manchester is under severe pressure to reduce the cost of delivering its services and there is particular pressure on those that are non-statutory.
- 2.2 Manchester City Council has worked hard over recent years to grow income, as well as reduce costs. The Council has been examining ways to generate revenue to support the continued delivery of community and leisure services.
- 2.3 To support and inform the Council considerations, a specialist sport and leisure advisor completed a review of commercial development opportunities which could be exploited generate income across the Sports, Leisure and Events department. 'Selling the Naming Rights' at the NCC was identified as a work stream offering the greatest revenue potential in the service.
- 2.4 The selling of naming rights of sports venues has become a common place across the UK and internationally. Various UK local authorities have also successfully agreed naming right deals on sporting and event venues they own.
- 2.5 Sport England have historically restricted Naming Right arrangements of sporting venues, however they have refreshed their approach over recent years and consented for Manchester City Council to explore potential opportunities provided that the revenue generated is redistributed back into Manchester as per the Waterfall funding arrangements on the Etihad Stadium.

3.0 Market Testing and Valuation

- 3.1 The value of any naming right sponsorship is dependent on many factors. There are very few examples worldwide of successful naming deals for velodromes, indicating a comparatively low demand historically for opportunities of this nature. The sponsorship value is largely a function of the size of the audience to which the sponsors branding and activities will be communicated. As there are limited events at the NCC generating significant media coverage, the value derived from the NCC will be largely based from those attending and participating in activities internally and from the brand exposure externally. The opportunity to be associated with a National Sporting building and the home of British Cycling may be particularly relevant and attractive to reinforce potential brand positioning objectives.
- 3.2 A specialist sponsorship and marketing agency with a proven track record of creating value and growth within the sponsorship industry for 10-20 years was commissioned to analyse the true level of sponsorship value at the NCC.
- 3.2 They conducted an extensive benchmarking review, analysed the value and the associated rights and benefits and established a pricing strategy and sponsorship proposition for the naming rights at the NCC. Each identified

benefit was measured against how much it would cost to purchase a similar level of marketing. The valuation of benefits, which included anticipated media exposure, exposure to attendees, branding in media and communications, tickets and hospitality and access to assets and facilities were each analysed to give a measured value of the rights and benefits. Details of the individual and collective benefit valuations are set out in Part B of the report.

4.0 Lead Partner Rights

- 4.1 A new naming partner has been identified (Brand X) and Manchester City Council is in the advanced stages of securing an eight year agreement for a naming right and associated sponsorship right agreement at the NCC. Details of the agreement are set out in the Part B report. The revenue generated from the proposed naming right agreement will flow into the Waterfall Fund via the Stadium Right Reserve which will be reinvested to support sport and leisure priorities in Manchester. This will help to alleviate future pressures within the service given the budget reductions the Council is facing in the mainstream revenue budget.
- 4.2 From January 1st 2017, Brand X will become the new Naming Partner at the NCC on an initial 8-year term.
- 4.3 To serve the naming right agreement, the Council will grant to Brand X the designation right for the NCC to be know as Brand X National Cycling Centre.
- 4.4 The naming right agreement will also enable Brand X the right for a permanent / fixed composition mark (subject to the appropriate planning permissions) to be included on identified exterior and interior signage locations.

5.0 Conclusion and Recommendations

- 5.1 This report outlines the proposal to generate revenue by selling the naming rights and the associated sponsorship rights of the National Cycling Centre. A new naming partner has been identified and Manchester City Council is in the advance stages of securing an eight year agreement to serve the rights to Brand X. The revenue generated will flow into the Waterfall Fund via the Stadium Right Reserve which will be reinvested to support sport and leisure priorities in Manchester.
- 5.2 Recommendations are set out at the beginning of the report.

6.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 6.1 The delivery of the Naming Rights will have economic benefits for the City and will support the securement and attraction of jobs and training opportunities, providing a positive impact on the performance of the local economy.

(b) A highly skilled city

- 6.2 The existing facilities together with the Lead Partners investment into cycling provides opportunities for participation in sport and leisure activities creating pathways to reach full potential, improve skills and inspire the next generation to be part of the City's success.

(c) A progressive and equitable city

- 6.3 Continue to work with the voluntary and community sector to find ways of reaching communities to create thriving active neighbourhoods.

(d) A liveable and low carbon city

- 6.4 Use the momentum created by the Lead Partner to drive growth and investment to encourage cycling, walking and public transport.

(e) A connected city

- 6.5 The NCC has established transport links; cycling lanes, metro link, bus corridor. Car parking already exists on site.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 None

(b) Risk Management

- 7.2 This will be addressed through the legal agreement (contract) with the Lead Partner and British Cycling.

(c) Legal Considerations

- 7.3 Manchester City Council will be entering into an 8 year legal contract agreement with the identified Naming Partner (Brand X). Detailed terms and Conditions will be illustrated in the contract.