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**Manchester City Council  
Report for Resolution**

**Report to:** Executive - 25 July 2018

**Subject:** Eastlands Management Company

**Report of:** Strategic Director (Development), the Deputy Chief Executive

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**Summary**

The December 2017 Executive received a report on the Eastlands Regeneration Framework. That report informed Executive that work was underway to evaluate proposals to establish a new estate management company arrangement that will deliver estate management services across the Etihad Campus.

This report seeks approval to establish an Eastlands Management Company in partnership with Manchester City Football Club to deliver estate management services on the Etihad Campus. This proposal to establish an Eastlands Management Company builds on the existing partnership arrangements already in place with the Eastlands Strategic Development Company Ltd, and which were approved by Executive in March 2012. The new arrangement is intended to be a subsidiary company within this partnership structure.

**Recommendations**

The Executive is recommended to:

1. Agree to the establishment of the Eastlands Management Company through the reactivation and renaming of the existing, dormant, Sport City Management Company on the basis as set out in Section 4 of this report. The arrangements will be finalised subject to final due diligence and tax advice.
2. Nominate the two Directors as the first Directors of the Eastlands Management Company Board pursuant to section 323 of the Companies Act 2006.
3. Agree that the provision of the Company Secretary function of the Eastlands Management Company Board shall be provided by the Council and authorise the City Solicitor to make the necessary arrangements to provide the Company Secretariat.
4. Authorise the Chief Executive, the City Treasurer and the City Solicitor in consultation with the Deputy Leader and the Executive Member for Finance and Human Resources to:
  - negotiate and agree the detailed terms of the Shareholders Agreement and Articles of Association of the Eastlands Management Company and such

- other ancillary contractual and other documentation required to give effect to the proposal;
- agree the 2018/19 Business Plan and operational budget for Eastlands Management Company; and
  - agree any deployment arrangements with regard to two members of Manchester City Council staff affected by these arrangements;
5. Authorise the City Solicitor to take all steps and complete all transactions expedient to give effect to the above resolutions.
6. Agree that giving effect to the above resolutions will promote the social, economic and environmental well being of Manchester.

**Wards Affected:** Ancoats & Beswick and Clayton & Openshaw

| <b>Manchester Strategy Outcomes</b>   | <b>Summary of the contribution to the strategy</b>  |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | Proposals set within the aims and objectives of the Eastlands Management Company will further enhance the work undertaken to provide the catalyst for further investment and employment in the area and help drive forward the growth of a sport, leisure and leisure economic cluster across the Eastlands area. |
| A highly skilled city: world class and home-grown talent sustaining the city's economic success                   | The work undertaken by Eastlands Management Company will strengthen the platform for the development of the Etihad Campus which will see an increase in tenants on the site, facilitating the creation of a number of jobs across a range of employment sectors.  |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities    | The wider Eastlands Regeneration Framework, and the work of the Eastlands Management Company itself, offers the potential to help deliver new amenities and new employment opportunities that will be accessible to the local community.  |
| A liveable and low carbon city: a destination of choice to live, visit, work                                      | The Eastlands Management Company will meet the expectations of residents, visitors, existing and new organisations and their staff in terms of providing a Campus that is safe, secure, and clean place to visit and invest in.   |
| A connected city: world class infrastructure and connectivity to drive growth                                     | The Eastlands Management Company will contribute directly to the vibrancy and attractiveness of the Etihad Campus as a place to visit and invest in.  |

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**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**

There are no direct financial consequences arising as a result of the proposed changes in the report. A Business Plan will be prepared that covers the objectives of the business, the income and expenditure projections for the business, the risks and the expected outcomes. The bringing together of existing arrangements is anticipated to result in economies of scale and ultimately more efficient arrangements, and this will be identified within the business plan.

**Financial Consequences - Revenue**

None

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- A Strategic Partnership with Manchester City Football Club, Executive, 24<sup>th</sup> March 2010
- Eastlands, Executive, 16<sup>th</sup> March 2011
- Partnership with Manchester City Football Club and East Manchester, Executive, 13<sup>th</sup> July 2011

- Partnership with Manchester City Football Club and East Manchester, Executive, 14<sup>th</sup> March 2012
- The Eastlands Regeneration Framework, Executive, 13<sup>th</sup> December 2017

## **1.0 Introduction**

- 1.1 The December 2017 Executive received a report on the Eastlands Regeneration Framework. That report informed Executive that work was underway to evaluate proposals to establish a new Management Company arrangement that will deliver estate management services across the Etihad Campus.
- 1.2 This report sets out proposals to bring forward those estate management arrangements for the Etihad Campus area around the Etihad Stadium. The existing Sport City Management Company will be reactivated and renamed the Eastlands Management Company and the scope of the new company widened in geographical terms.
- 1.3 The new Company will encompass not only the City Football Academy area, the new facilities in Beswick and the areas in and around the National Cycling Centre but also those parts of the Etihad Campus demise where new development is to be created. Such arrangements are required in order to sustain the quality of place management already established and, as importantly, to embed these arrangements in advance of the new development opportunities which are being brought forward as part of the next phase of growth in and around the Etihad Stadium.

## **2.0 Background**

- 2.1 Since 2010 the City Council and Manchester City Football Club (MCFC), now incorporated into City Football Group (CFG), have worked in partnership to develop a transformational plan for East Manchester focused on the area around the Etihad Stadium. This partnership has progressed from one that was framed through a Memorandum of Understanding which was signed in 2010 through to the establishment of the Eastlands Strategic Development Company Ltd (ESDCL) which formalised this partnership relationship.
- 2.2 ESDCL have led on the development of a shared vision for the Etihad Stadium and the area around it. This work has been guided by the first Eastlands Regeneration Framework that was approved by the City Council's Executive in July 2011. The development of this Framework, and the activity which has flowed from it, has been overseen by the ESDCL.
- 2.3 In 2017 ESDCL brought forward a new Eastlands Regeneration Framework that sought to build on the investments made between 2011 and 2016. The completion of that first wave of investment at the Etihad Campus witnessed a radical transformation of this part of the city:
  - the City Football Academy and CFG HQ facility, which opened in October 2014;
  - the first phase of expansion of the Etihad Stadium was completed in August 2015 with the opening of the new South Stand; and
  - since August 2014 a succession of new community orientated facilities, such as the Connell Sixth Form College and the East Manchester

Leisure Centre, have opened in the Beswick Hub. The latest facility, the Manchester Institute of Health and Performance, opened in February 2016.

This investment, and the quality of place making that has been achieved as part of these developments, created the best possible platform to capture new development opportunities in and around the Etihad Stadium environs going forwards.

2.4 The new Eastlands Regeneration Framework was approved by Executive in December 2017 and it set out an updated vision for the Eastlands area in and around the Etihad Stadium. This vision seeks to build on the momentum generated by 2011 Framework and to develop the area in and around the Stadium to drive sports innovation and economic growth. This approach has already enabled positive steps to be taken to secure the Manchester Metropolitan Institute of Sport on the site, which will accelerate the development of the area as a globally significant sport, leisure and recreation economic cluster. The focus of the Etihad Stadium environs is to be:

- **home to global and national sports organisations where sports ‘centres of excellence’ can thrive and develop global best practice in sport;**
- **the home of the Manchester Metropolitan Institute of Sport that delivers a wide range of undergraduate and postgraduate sports related academic courses and which seeks to partner with other global leading academic institutions;**
- **a destination where residents and visitors will come to spend their time on leisure related activities; and**
- **creating employment opportunities for local people and driving innovation and economic growth across the city.**

2.5 A key component of realising that vision and ensuring that the Etihad Stadium environs can achieve its full economic potential is to ensure that the management of the Etihad Campus meets the expectations of residents, visitors, existing and new organisations and their staff in terms of safety, security, cleanliness and general appearance of the place. As such having robust estate management arrangements in place for the Campus are central to delivering the vision and wider commercial strategy for the Campus.

### **3.0 A New Approach to Estate Management across the Etihad Campus**

3.1 The ESDCL was established with two principal roles:

- To co-ordinate the implementation of the Eastlands Regeneration Framework to secure the comprehensive development of land on the Etihad Campus and its surrounding area; and

- To develop a model and commissioning arrangement for the management and operation of the Etihad Campus.
- 3.2 Since its establishment the ESDCL has focussed on bringing forward and overseeing the first wave of investment onto the Campus. With that first wave of investment completed and a refreshed Eastlands Regeneration Framework in place the next phase of investment will capture the benefits of the development platform that has been established. The ESDCL have concluded that, prior to moving forward with the next phase of growth and development on the Etihad Campus, it is timely for both the City Council and City Football Group to consider putting in place a robust commissioning arrangement for the estate management and operation of the Campus.

#### *The Current Estate Management Arrangements*

- 3.3 Manchester City Council currently take lead responsibility for the estates management function for the “Sportcity” lands that is bounded by the Transco and Network Rail land to the north and east, Rowsley Street, Ashton New Road and Alan Turing Way. The Council also have estate management responsibility for the area around the National Cycling Centre. This is maintained by using funds generated through Stadium Rental Agreement, a funding contribution from MCFC and income generation through a range of events held on the Campus. The new facilities created since 2014 are not covered by this arrangement.
- 3.4 An estate management company - the Sport City Management Company - was established in 2003 and is a joint owned company between the City Council and MCFC. Its remit is to discharge the estate management arrangements as set out in the previous paragraph. However, whilst the estate management functions continue to operate, as they have done so since 2003, the company is currently dormant.

#### *New Estate Management Arrangements for the Etihad Campus*

- 3.5 With the new developments that made up the first wave of investment on the Etihad Campus their presence has expanded the estate management requirements needed to sustain the Campus as a visitor, commercial and community destination. The addition of these facilities and, more importantly, the prospect of new organisations relocating onto the Campus now offers the opportunity to reconsider the existing estate management offer and:
- integrate the existing management of the public realm associated with “Sportcity”, the National Cycling Centre, the City Football Academy and the facilities in and around the Beswick Hub to create a single responsible vehicle;
  - improve the depth and breadth of the service offer whilst at the same time improving the cost efficiency of these services; and

- to take responsibility for areas of public realm such as the streetscene services associated with that part of Alan Turing Way and Ashton New Road that sits on the Etihad Campus.

This approach to estate management of the environs across the Etihad Campus will not only improve the visitor experience of those visiting the Campus but it will also improve the wider perception of east Manchester as a place to live and work along with strengthening the capacity of the Campus to attract new commercial development onto the site and the immediate surrounding environs. The remainder of this report sets out a proposal to bring together a single responsible vehicle for estate management across the Etihad Campus.

#### **4.0 The establishment of an “Eastlands Management Company”**

4.1 Over the last several months the City Council and City Football Group have reviewed a range of options through the ESDCL to bring forward a single responsible vehicle for estate management services across the Etihad Campus. This work has concluded that the simplest way forward would be to reactivate the existing Sport City Management Company and to rename it the Eastlands Management Company. In doing so the geographical remit of this Company would be extended to cover all of the public realm areas of the Etihad Campus including those parts of Alan Turing Way and Ashton New Road that pass through the Campus.

4.2 In establishing an Eastlands Management Company the following considerations should be noted:

- There are no liabilities transferring from the Sport City Management Company to the Eastlands Management Company;
- The Sport City Management Company was developed to reflect the requirements for the site following the delivery of the Commonwealth Games in 2002 – the Company therefore has historically had a shareholding with three common shares (two to the City Council and one to MCFC). Given the changes to the land ownership since 2010 and the shared financial arrangements, it would be proposed that the shareholdings should be redrawn onto an equal shareholding basis between the parties;
- A Company Limited by Shares offers the most flexible structure to enable collaboration between, and mutual influence by the parties who have a land interest in the site;
- Articles of Association will be drawn up which, amongst other things, will provide that certain strategic matters will require the approval of both the Board of the Eastlands Management Company and of the ESDCL Eastlands Development Company Ltd;



- The proposed Board will be made up of two Directors from both the City Council and MCFC. Sport England will be offered a place on the Board or observer status;
- A Business Plan will be drawn up that covers the objectives of the business, the use of the resources to be invested by the City Council and MCFC, the risks and the expected outcomes. This plan will require approval by the City Council and MCFC and will identify the most financially advantageous solution for procuring services, considering implications such as VAT. The arrangements for this will be formalised following final due diligence and tax advice. The City Council will consult with Sport England given the deployment of the Stadium Rental monies within the business;
- The Sport City Management Company is a Company that does not employ staff. Staff are currently deployed by the City Council and costs charged as part of the existing estate management costs. This same arrangement will also exist with the Eastlands Management Company but MCFC staff will also now be providing services to the Company;
- Manchester Professional Services will act as the Company Secretary to the Eastlands Management Company.
- The Eastlands Management Company will have strategic oversight of all services to be commissioned. The proposed shareholding will mean that the Company itself will not be subject to EU Procurement regulations if the Business Plan requires the company to procure services directly. Providers will be contracted to deliver the following services across the Etihad Campus:
  - Campus security;
  - Street and footpath cleaning;
  - Litter management;
  - Waste Management;
  - Landscape and tree management;
  - Directional Signage;
  - Street Furniture;
  - Street lighting (that part which sits outside of the Amey Street Lighting PFI Agreement);
  - CCTV management, operations and upkeep;
  - Accessibility;
  - Car parking management;
  - Provision of space and services for events;
  - Events' support, signage, promotion and general logistics;
  - Events' specific local cleaning;
  - General safety for customers and visitors;
  - Reporting and recording of failed services to Utility undertakings or other relevant providers;
  - Attendance and response to local neighbourhood meetings;
  - Proactive service planning befitting of a world class estate;

➤ Sustainability and local engagement.

- 4.3 The Eastlands Management Company will be responsible for:
- Overseeing the maintenance of the common domain on behalf of the Campus partners.
  - Supporting the activity of the Campus partners.
  - Supporting the development of the Campus.
  - Supporting the delivery of events on the Campus.
  - Supporting co-working and cooperation between the Campus partners.
  - Providing for excellent communication across the Campus partnership.
  - Marketing the Etihad Campus partnership.
  - Maximising income from the Campus estate.
  - Working to minimise community impacts arising from Campus events.
- 4.4 With regards to the estate management services to be commissioned, the overall aim will be to raise the standards of service delivery on the Campus in order to give any visitor onto the Campus the best possible experience and at the same time helping to create the necessary management of the public realm that can attract new commercial development on the Campus and its environs. To secure the necessary income to underpin this ambition the Management Company will be seeking estate management contributions from those parties operating new facilities on the Campus, such as the new operator of the East Manchester Leisure Centre (when appointed in 2018), along with HCA Healthcare Ltd, who operate the Manchester Institute of Health and Performance. Any new building developed on the Campus going forward will be required to pay an estate management charge.

## 5.0 Concluding Remarks

- 5.1 The Etihad Stadium and its environs – the Etihad Campus – has, over the last five years, benefited from a very significant programme of public and private sector investment to transform the Campus into a place which can offer visitors, businesses and residents a first-class experience. The ESDCL are currently developing proposals for the next stage of commercial development on the Campus that will add to the commitments already secured from Manchester Metropolitan University and Rugby Football League. The focus of our partnership with the Football Club will be to continue to generate new employment opportunities for local people and drive innovation and economic growth in East Manchester and across the city.
- 5.2 The first wave of investment already made, and the investment anticipated, demands that the public realm of the Campus is managed as such a way that it can strengthen the existing visitor experience but also help create the necessary environment to attract new inward investment. The proposals to establish an Eastlands Management Company offers the prospect of creating a single vehicle that can oversee and deliver those outcomes. Establishing such a vehicle now will enable new standards to be set for the management of the public realm, provide new opportunities to capture new investment from new occupiers and give the capacity to develop long term planning

arrangements for the management and maintenance of the assets on the Campus.

5.3 Recommendations can be found at the front of this report.

## **6.0 Contributing to the Manchester Strategy**

### **(a) A Thriving and sustainable city**

6.1 Proposals set within the aims and objectives of the Eastlands Management Company will further enhance the work undertaken to provide the catalyst for further investment and employment in the area and help drive forward the growth of a sport, leisure and leisure economic cluster across the Eastlands area.

### **(b) A highly skilled city**

6.2 The work undertaken by Eastlands Management Company will strengthen the platform for the development of the Etihad Campus which will see an increase in tenants on the site, facilitating the creation of a number of jobs across a range of employment sectors.

### **(c) A progressive and equitable city**

6.3 The wider Eastlands Regeneration Framework, and the work of the Eastlands Management Company itself, offers the potential to help deliver new amenities and new employment opportunities that will be accessible to the local community.

### **(d) A liveable and low-carbon city**

6.4 The Eastlands Management Company will meet the expectations of residents, visitors, existing and new organisations and their staff in terms of providing a Campus that is safe, secure, and clean place to visit and invest in.

### **(e) A connected city**

6.5 The Eastlands Management Company will contribute directly to the vibrancy and attractiveness of the Etihad Campus as a place to visit and invest in.

## **7.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

7.1 These have been considered and there are no equal opportunity considerations arising from these proposals.

### **(b) Risk Management**

- 7.2 There is a risk that if this collaboration does not go ahead, there will be a disparity in the quality of the estates service provided across the Etihad Campus. There would be no opportunity to streamline processes and costs.

**(c) Legal Considerations**

- 7.3 A number of agreements and governance documents will be required to be entered into and agreed by the Council as set out in the body of this report. The City Council's commercial legal section has been involved in providing advice and will continue to advise, draft and negotiate the new agreements and documents, identifying and mitigating major legal risks and including sufficient protections for the Council.