

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 21 June 2018
Subject: National Speedway Stadium: Update
Report of: Strategic Director (Development)

Summary

The Committee has requested an update in relation to the National Speedway Stadium at Belle Vue Sports Village following the report to Executive dated 8th March 2017 and report to the Resources and Governance Committee dated 22nd June 2017.

This report summarises the position since March 2017 in respect of the progress made over the past twelve months and the existing arrangements which are now in place to support the occupancy of the National Speedway Stadium to ensure its future and sustainability.

Recommendations

The Committee is requested to note the contents of the Report.

Wards Affected:

Longsight

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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.

- Report to Resources and Governance Scrutiny Committee dated 22nd June 2017
- Report to Executive dated 8th March 2017
- Partnership with Manchester City Football Club and East Manchester, Executive, 13th July 2011
- Partnership with Manchester City Football Club and East Manchester, Executive, 14th March 2012
- Belle Vue Sports Village, Executive, 10th April 2013
- Eastlands Community Plan: Update, Executive, 8th March 2014
- Capital Programme – Proposed Increases, 1st July 2015
- Capital Programme Proposed Increase: Belle Vue Sports Village, Executive, 9th September 2015
- Future Leisure Arrangements, Executive, 30th May 2018

1 Introduction

1.1 This report provides an update to the Committee following the report to the Committee dated 22nd June 2017 and Executive dated 8th March 2017. In particular the report provides:

- (a) an update in relation to the Belle Vue Aces Speedway franchise at the National Speedway Stadium since March 2017;
- (b) an update in relation to the operation of the facilities at the National Speedway Stadium since November 2016;
- (c) the future proposal for the speedway sport in Manchester and nationally.

2 Belle Vue Speedway 2017 Limited: the first year of operation.

2.1 As noted in the report of 22nd June 2017, following the liquidation of the previous franchise in late 2016, Belle Vue Speedway 2017 Limited ('BVSL'), was established in February 2017 to operate the speedway franchise (Belle Vue Aces). Due to the speedway season commencing in mid March 2017, this allowed little time for the franchise to secure riders for both its Premiership team and National League team (Colts) however during the 2017 season, the teams were successful winning both the Premiership Knock Out Cup and the National League.

2.2 The Council and BVSL entered into an initial season lease agreement in February 2017, expiring in November 2017. The lease included the specialist speedway areas of the stadium (the track and pits) as well as a small room within the stadium's grandstand. On race day, BVSL had a right to occupy other areas within the stadium, including the function room in the grandstand, however they did not have exclusivity of this space on non-speedway dates.

2.3 Following the failure of the previous speedway franchise, BVSL had limited data available to update and verify its business plan. The new franchise also inherited a wide range of historic contractual arrangements from the previous franchise, a number of which have proved to be or were self-evidently uneconomic commercial contracts. Given the date of acquisition of the franchise and the start of the speedway season, these factors combined with the inherited commercial arrangements left only a limited period to maximise commercial revenue opportunities during the 2017 season.

3 The Eastlands Trust: Management and Operation of the National Speedway Stadium

3.1 As noted in the report to the Executive of 8th March 2017, the Council sought the support of its leisure operator, the Eastlands Trust ('the Trust'), following the decision to end the occupational agreement with the former speedway franchise in October 2016. That original agreement enabled the former franchise's group of companies to both operate the stadium as well as the speedway team, however following the failure of the business, the Council required the asset to be managed day to day by an experienced leisure operator.

- 3.2 The Trust acts as the operator for Council's elite indoor leisure facilities across East Manchester. Although the Trust does not have a legal interest in the properties it is contracted to operate the facilities on behalf of the Council and is responsible for all property related outgoings as well as generating income. Accordingly, any lease arrangements are controlled by the Council.
- 3.3 The Council has recently concluded a review of the operating arrangements for the wider indoor leisure estate with the findings reported to the Executive on 30th May 2018. The change of operator will not impact upon the structure at the stadium and the Council will retain control of the asset in a landlord capacity.
- 3.4 Following discussions with BVSL, it was agreed that the Council's operator would continue to operate the facility with BVSL as a tenant of part of the stadium.
- 3.5 The Trust, as with BVSL, began operating the stadium with no record of the operational costs being available from BV Arena Ltd (part of the Belle Vue group of companies); however since October 2016, the Trust has gathered an understanding of the associated costs. During that period, it has sought to renegotiate contracts and to reduce expenditure on running the stadium.
- 3.6 The Trust has also worked to generate additional income to the stadium and has agreed a two year arrangement with a sports university to use the facility for academic purposes. It is self evident that bringing in stable income streams is critical for the long term sustainability of the asset.
- 3.7 The Trust, which operates the wider Belle Vue Sports Village has identified investment opportunities to activate the wider campus, as well as benefiting the stadium, including the provision of a new changing room and toilet block to service both the artificial pitches on the site as well as the stadium. This will be reviewed by Manchester Active (the new arrangement which amongst other tasks will act as the City Council's client for Leisure Services) as part of any future investment into the site.

4 UK Speedway: New arrangements for 2018 and beyond.

- 4.1 Since taking over the franchise, BVSL has identified a number of areas within the wider sport that require change to enable the long term future of the sport in the country. It is now understood to be acknowledged by the national authorities that the sport needs a modern, commercial structure to enable it to flourish.
- 4.2 One of the key changes identified by BVSL is the move to fixed night racing, rather than an ad hoc fixture list across the leagues. This would benefit spectators both in terms of programming and for budgeting purposes. Accordingly, BVSL has moved all home fixtures for the Premiership team to Monday nights and Colts' fixtures to Friday nights for the 2018 season.

- 4.3 BVSL has also been involved in national level negotiations for a new television deal with BT Sport. The long term historic deals have not been beneficial for the franchisees and they have identified a need for change.

5 Belle Vue Speedway 2017 Limited: Current Arrangements

- 5.1 At the end of last year, BVSL presented the outcomes of the season to the Council along with a 2 year business plan. Due to the limited information and the contractual obligations set out above, BVSL made a loss in year 1 of operating, however it has prepared a business plan which seeks to reach a sustainable position by the end of 2019, at which point it would propose to consider a longer term agreement for the use of the stadium.
- 5.2 During the first year of trading, the average attendances were circa 1,400 for the Premiership and 470 for the National League. Based upon these figures, BVSL has highlighted a need to increase its attendances by a minimum of 10 per cent. Whilst this will increase ticket sale revenue, it would also support the business in terms of secondary spend at the stadium on items such as food/beverage, programme sales and merchandise.
- 5.3 The findings after 2017 have confirmed that in its existing format, the use of the stadium solely for speedway, is not sufficient to meet the income targets originally projected by the previous incumbents at the time that the stadium was developed.
- 5.4 The Council and BVSL have therefore agreed the principle of entering into a new lease for the track, pits and a small office within the grandstand, for an initial two year period to enable BVSL to meet its business plan target by the end of the 2019 speedway season.
- 5.5 To support this, BVSL made a limited number of proposals to improve the commercial performance of the Belle Vue Sports Village, for the Council to consider. This has included investment from the Council into an external advertising board on the front of the stadium to promote events both at the stadium and wider sports village, as well as investment into the ventilation in the food kiosks around the stadium to offer a wider choice and maximise secondary spend on event day. The Council has committed £35,000 to deliver these which in turn will benefit the Council's asset and help promote the Sports Village for sporting, commercial and community use.
- 5.6 BVSL is also seeking to develop the grass roots of the sport through the development of a Speedway Academy. Whilst seeking to identify and train riders for the future, the academy programme will also provide training opportunities for mechanics and associated specialisms. BVSL has requested financial support from the Council of £30,000 to support the development of the Academy. The basis of the investment is still to be agreed however the Council would be willing to support a business that develops young talent within the City and engages young people in the sport, with a view to increasing future employment opportunities.

- 5.7 Finally, BVSL has recognised that the establishment of a supporters group - 'Friends of Belle Vue Aces' should be a key focus to reach out to the community and help develop a wider fan base across Greater Manchester and beyond. Through the formation of this group, it would be expected that a number of supporters may be willing volunteers to help the club, thus providing the joint benefits of fostering relations with their club whilst also reducing operational costs for outgoings such as stewarding on race days. To enable this to happen, the Council is willing to fund the training of up to 50 Manchester residents, to enrol on a stadium safety training course. The opportunity to train residents in a discipline that could be used at all Manchester stadia as well as beyond, supports a key component of the Our Manchester strategy. To enable the opportunity to be accessible for a cross section of residents, officers from Education and Skills, Leisure Service and the local Neighbourhood team will work closely with BVSL to identify people to enrol on the training programme. The Council has identified a budget of up to £20,000 to fund the qualification.
- 5.8 The original agreement with BVSL allowed them exclusive use of the stadium for a maximum number of 43 days per annum, in line with the planning approval for speedway racing. The Council has agreed to extend the usage of the stadium for non-racing use by a further 24 days to allow BVSL to maximise commercial opportunities within the stadium (including grandstand), which in turn will support its business plan.

6 Summary

- 6.1 Following the failure of the original speedway franchise to operate the stadium and team, the Council entered into separate arrangements with BVSL running the speedway team and Eastlands Trust as operator. The past year has allowed both organisations the opportunity to understand its respective businesses, having started on the back foot following the lack of historic information and contracts in place.
- 6.2 Whilst successful on the track, BVSL has identified a number of areas within its business which require development to enable the sustainability of speedway in Manchester. The owners have also identified areas within the wider sport that require refinement to ensure a future of the sport in the UK.
- 6.3 Within its requirements are a number of financial requests for support from the Council, in respect of the stadium infrastructure, developing the grass roots of the sport through a speedway academy as well as the training / employment opportunities for local residents through a stadium security qualification.
- 6.4 The investment into these facilities will support the business plan of BVSL which has identified next calendar year to reach a sustainable financial point.
- 6.5 The Eastlands Trust has provided stability for the stadium during the past 20 months, working closely with BVSL and other key stakeholders. From later in 2018, as part of the wider governance for the operation of the leisure facilities, a new operator will be put in place to run the facility. A longer term contract

will provide more stability to the site and allow the new operator to negotiate longer term commercial deals for the site.

- 6.6 The past 12 months has identified the need for other income streams to support the business plan of the non-speedway elements of the stadium. The Eastlands Trust / future operator will retain responsibility for maximising usage within the stadium. Opportunities should be available for commercial, community and private functions to use the available facilities.

7 Next Steps

- 7.1 The Council will continue to work with BVSL, the Eastlands Trust / new operator to secure a sustainable long term future for Belle Vue Aces and the National Speedway Stadium.