

**Manchester City Council
Report for Resolution**

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

Summary

The Committee requested an update in relation to the National Speedway Stadium at Belle Vue Sports Village following the report to the Resources and Governance Committee dated 21st June 2018.

The Report sets out a chronology of events that led to the stadium being operated by the Eastlands Trust and the granting of a lease of part to Belle Vue Speedway 2017 Ltd. The Report also addresses specific requests for information from members of the Committee.

Recommendations

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

Wards Affected:

Longsight, Gorton & Abbey Hey

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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 21st June 2018
- 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 responses to the request for further information following the presentation of the report to Committee dated 21st June 2018 and subsequent requests from members of the Committee. In particular the report provides:

- (a) A chronology of the events leading to the Eastlands Trust ('the Trust') being instructed by the Council to operate the National Speedway Stadium in November 2016 and Belle Vue Speedway 2017 Ltd ('BVSL') entering into a lease agreement with the Council in 2017;
- (b) Clarification of the relationship between the Council with Eastlands Trust and BVSL;
- (c) The current and future position of BVSL;
- (d) The future proposal for the speedway sport nationally;
- (e) Clarification about the Council's proposed financial support to enable the establishment of a speedway academy at Belle Vue;
- (f) Clarification of the proposed investment into the National Speedway Stadium by the Council.

2 Chronology of events

2.1 The following sets out the events that led up to the Council entering into agreements with the Eastlands Trust to operate the stadium in November 2016 and the lease agreement with Belle Vue Speedway 2017 Ltd to occupy areas of the stadium.

2.2 June 2014. The Council entered into detailed Heads of Terms with Belle Vue Arena Ltd for a lease of the speedway stadium. The lease was to be for 60 years on commercial terms and on full repairing and insuring terms. As part of the agreement, Belle Vue Arena Ltd would enter into a lease at market value with a Group Company to enable the use by Belle Vue Aces of the stadium for speedway.

2.3 February 2016. Following the construction of the stadium, the site was handed over to Belle Vue Arena Ltd.

2.4 October 2016. After failing to pay any occupation costs owing to the Council since taking possession, the Council terminated the agreement with Belle Vue Arena Ltd (and by association its Group of Companies), at the end of the 2016 speedway season. Around the same time, the Council was also informed by the British Speedway Promoters Association ('BSPA'), the Governing Body for promoters licences for speedway franchises in the UK, that the Belle Vue Aces Promoters licences had been revoked due to financial reasons unrelated to the Council. The companies subsequently entered into voluntary liquidation, at which point the Council wrote off the losses owed for the season.

Belle Vue Speedway 2017 Ltd

- 2.5 November 2016 – February 2017. Following an approach from the BSPA to review a number of tenders to take ownership of the Belle Vue Aces, the Council entered into negotiations with Belle Vue Speedway 2017 Ltd ('BVSL') for a season long lease of the speedway track, pits and a small office within the grandstand of the stadium at a market rent.
- 2.6 The short term lease was granted to BVSL for these specific areas of the Stadium to enable them to establish the viability of the franchise first and foremost. As referenced below, the Eastlands Trust were instructed to manage and operate the rest of the Stadium.
- 2.7 February 2017 – October 2017. BVSL completed its first season with both Belle Vue Aces and Belle Vue Colts winning trophies. The season allowed the company to understand the finances around running a franchise and has enabled them to prepare a two year business plan (see Part B Report). Due to the failure of BV Arena Ltd and its group of companies to retain financial and contractual records relating to the running of the speedway franchise and due to the limited pre-season time to prepare, the owners of the franchise used the season to identify running costs. The first season saw a financial loss for the franchise however has enabled BVSL to prepare a business plan for the next two years.
- 2.8 At present, the Council and BVSL are in negotiations to enter into a two year lease (commencing 1st November 2017) for use by BVSL of the track, pits and small office at the National Speedway Stadium. The two year agreement (with an option of a third) has been requested by the franchise to enable it to meet the projections within its business plan. BVSL has requested the opportunity to extend the lease by a year if it feels that it is making significant progress to meeting its targets set out in the business plan. As will be referenced later in the report, there are wider implications in the sport which are expected to come into force by 2020, therefore if the increased income opportunities will enable BVSL to meet the business plan projections in three years as opposed to two then they would seek an additional year extension. The initial lease allowed priority use of the stadium for speedway related use on 43 days, in accordance with the planning consent. The proposed lease will enable BVSL to use the stadium for up to an additional 24 days per annum for non-speedway race meetings. The occupation will be dependent upon availability and will seek to drive footfall within the stadium and increase secondary spend.
- 2.9 In future after the expiry of the lease and should it be able to meet its projections, the parties will enter into negotiations for a long term lease on terms to be agreed.

Eastlands Trust

- 2.10 November 2016 – September 2018. The Council instructed its leisure operator, the Eastlands Trust ('the Trust'), to operate the site with immediate effect following the termination of the agreement with Belle Vue Arena Ltd.

The Trust is an arm's length company with the Council being the single member. The Council's engagement with the Trust has been on the basis of a services agreement, where the Council underwrites the losses and retains 100% of all surpluses. Going forward, the new operator arrangement will be in line with the rest of the leisure estate, where all losses are fully underwritten by the operator. It is expected that this will take place in October 2018, subject to finalising arrangements.

- 2.11 Prior to taking over the day to day management of the speedway stadium, the Trust was responsible for managing the adjoining facilities across the Belle Vue Sports Village. This, along with the governance of the organisation effectively meant that the Trust was the only company which could step into an operating role at short notice and deliver the requirements that the Council needed.
- 2.12 The Trust is responsible for the day to day management of the stadium, excluding the speedway track, pits and office which are occupied by BVSL and is tasked with maximising usage and income opportunities across the stadium. The Trust has entered into agreements with a number of organisations including St Peter's High School, UCFB (a football university), Manchester Titans American Football Club to use the speedway stadium on non-speedway days. Each of these uses brings income to the stadium, to support the Trust / operator business plan. In addition, the Trust manages the community use of the centre pitch in line with the charging policy for the Council's playing pitch strategy and takes bookings for the function room in the grandstand for commercial and community use. The range of users are varied and whilst BVSL is currently an anchor tenant of the site, the viability of the site is not solely predicated upon its income.
- 2.13 In the financial year 2017-18, the Trust reported an operating loss of circa £5,000 for the stadium. This cost was underwritten by the Council.
- 2.14 October 2018. From October, the facility will be operated by a new operator on behalf of the Council. The operator will be expected to drive non-speedway football into the stadium in the same way that the Eastlands Trust has. The operator will be under a long term management contract with the Council offering an ability for it to enter into long term contracts with third party providers, thus reducing operational costs.

3 UK Speedway: New arrangements for 2018 and beyond

- 3.1 As speedway promoters, the franchise has two representatives who sit on the BSPA board (along with all other franchisees across the country). In the first year of operating, the representatives from BVSL highlighted the need for reform, which the other members have agreed.
- 3.2 BVSL request for a 2+1 year lease with the Council correlates to the position that it will take until the 2020 season until the benefits of these changes are operational.

- 3.3 Areas of reform for the national sport that BVSL has identified to the BSPA include the media rights for the sport at a national level and the way to streamline the running of the league. In 2016-17, Sky Sports ended its coverage of national speedway after 17 years of broadcasting. BT Sport entered into a season long agreement and have subsequently agreed a contract until the end of 2019. The television / wider entertainment contract(s) will be reviewed in readiness for the 2020 season and there is an opportunity for the BSPA to expand the offer in a way that other sports are doing, taking advantage of social media platforms such as Facebook to stream meetings.
- 3.4 As referenced in the report to the Committee of 21st June 2018, BVSL has also identified the need for meetings to feature on the same day, where possible, across a single league. Unlike several other franchises, BVSL has the first option on the use of its stadium so is able to fix race meetings in this way, however due to other priority uses for stadia elsewhere, it is not always possible for the league to fix a single race meeting day for all fixtures across the league. BVSL has scheduled all Premiership fixtures on Mondays and National League fixtures on Fridays to allow supporters the ability to budget and diarise more efficiently.
- 3.5 Under the old franchise, the attendances were 1,100 and 395 for the Premiership / National Leagues. In 2017, BVSL reported average attendance increases to 1,411 and 470. By scheduling meetings on a fixed night, the BVSL business plan expects to increase attendance by 10% during the current season.
- 3.6 Across the sport, it is difficult to compare franchise by franchise as the offers vary so greatly. For instance, the National Speedway Stadium offers multi-use opportunities and is cited as the best facility in the country. By contrast, other stadia are not purpose built, do not have modern facilities (including grandstands and conference facilities) and are therefore subject to differing operating costs and arrangements. Equally, the Manchester (and Greater Manchester) offer for sport, leisure and recreation choices for residents and visitors is very different from many other locations across the country. Accordingly, it is not possible to do a comparative analysis to directly compare the financial performance of Belle Vue Aces against competitors; instead it is believed that its own business plan should be the comparator for success.

4 Belle Vue Speedway Academy

- 4.1 BVSL has expressed interest in the development of a speedway academy. The Council has agreed, in principle, to make a contribution of £30,000 towards its development although this will be subject to approving a formal business plan, setting out the vision for the academy. The Council is aware that the franchise has been speaking with an existing provider which is interested in replicating its business model in Manchester. Whilst the Council agrees to the concept, key officers will need to review any final proposals from BVSL. At this point however, it is understood that the training would not be

limited to speedway only activities and that students would gain a wider education in areas such as bike mechanics.

5 City Council Investment

- 5.1 The development of the stadium cost £8m. The cost included an all weather pitch in the centre of the stadium capable of being used for a range of sports including rugby; grandstand including a 250 person function room; main stand for 1,820 spectators and terraces in the South Stand for 1,200 spectators. In addition the cost also included an apportionment of the public realm costs for the Belle Vue Sports Village including car parking which is utilised by the stadium. Whilst named the National Speedway Stadium, the stadium is also regularly used by a range of occupiers including a secondary school and higher education institute, Manchester Titans American Football team other commercial use and daily community activity.
- 5.2 Having completed its first year of operation, BVSL have identified two further areas of investment in the stadium that will help attract and enhance the offer for all visitors and users to the stadium, the additional investment totals £35k. Following these requests and subsequent discussions with the Trust, the Council has agreed to fund the additional investment into an advertising screen (£15k) – which will promote events both in the stadium and across the wider sports village as well as ventilation systems in the kiosks (£20k) in the concourse of the stadium. This investment will be of benefit to a wider range of users than just speedway and they are the advertising board will be used to promote uses across the Belle Vue Sports Village (speedway stadium, leisure centre, basketball centre and pitches) whilst the ventilation systems within the concourses will enable a more varied food offer within the stadium which will increase revenue opportunities for both the Trust/operator and BVSL across all uses within the stadium.
- 5.3 The proposed sponsoring of local residents to obtain the relevant qualification in stadium stewarding will not only benefit the speedway franchise but also any other uses within the stadium and across Greater Manchester and beyond. Officers believe that this investment (up to £20k) provides opportunities for residents, which both BVSL and residents will benefit from.
- 5.4 The additional investment identified in paragraphs 4.1, 5.2 and 5.3 will not be a call on Council mainstream resources, but will be funded through English Partnership (HCA) monies that are ringfenced to support activity specifically associated with the Eastlands Regeneration Framework and supporting projects identified in the Eastlands Community 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. It is considered that such investment into the stadium will likely support the wider business plans of both the operator and BVSL. In respect of the academy and security training, both elements will provide education and training opportunities for local residents in line with the Our Manchester Strategy.
- 6.4 By November 2019, the owners of BVSL will be able to make an informed decision about the future of speedway in Manchester. If it is able to meet the financial projections within its business plan, it would seek to enter into negotiations with the Council for a long term lease. Given the reform that is taking place across the country in the sport, if the owners are able to demonstrate that it may require a further year to enable them to meet the business plan then the agreement would allow an extension of the lease for a further season. Beyond the proposed single year extension, there is no arrangement to enable a year to year relationship.

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.