

Manchester City Council Report for Resolution

Report To: Executive – April 6 2011

Subject: FC United Options Review

Report of: Chief Executive – New East Manchester
Director of Neighbourhood Services

Summary

The purpose of this report is to appraise the Executive on the outcome of a review of development options for community sport facilities and a football ground linked to FC United of Manchester. FC United is a member's owned football club constituted as an Industrial and Provident Society. The club wish to establish a 5,000 capacity stadium and accompanying community facilities, which they had originally intended to develop on an existing leisure site at Ten Acres Lane, Newton Heath.

Following confirmation of the Council's budget settlement in December 2010 and a decision by the Council to reduce revenue expenditure on the Ten Acre Lane site, it was necessary to review the Council's strategic priorities for investment into football facilities and to examine alternative options to deliver this development. This report identifies the Ronald Johnson Playing Field site as the preferred option for the development and authority is sought to enable FC United and officers to undertake detailed site investigation works, consult with the local community and other stakeholders and undertake detailed feasibility on the potential development.

Recommendations

The Executive is recommended to:

1. Endorse in principle the outcome of the options review and request that FC United and the City Council undertake a public consultation exercise with local residents and report back to a future meeting of the Executive on the outcome of the consultation process.
2. Agree to FC United and the City Council undertaking site investigation works and begin detailed feasibility work to enable terms to be agreed to facilitate the disposal of a long leasehold interest in the Ronald Johnson Playing Fields to FC United, the detailed terms of the proposed disposal of land will be reported at a future meeting of the Executive.
3. Agree a capital sum of £750K approved by the Executive on 22 July 2009 for improvement works at the Ronald Johnson Playing Fields is vired and applied to a revised joint scheme between FC United and Moston Juniors FC subject to Council approval. In addition, agree that the revenue costs associated with site investigations and feasibility works is approved as part of the Council's £750k contribution and authorise the City Treasurer to make the appropriate

accounting adjustments to facilitate this.

4. Endorse in principle that Leisure Services undertake work with the Manchester Sport and Leisure Trust to seek investment for the lifecycle replacement of the all weather pitch at Ten Acres Lane.

Wards Affected: Moston

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The development of a ground and community sports facilities will provide the catalyst for further investment and employment in the area.
Reaching full potential in education and employment	The facilities will facilitate the creation of a number of jobs in a range of employment sectors.
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	The development will provide the opportunity to deliver appropriate additional sports and community facilities which will help ensure surrounding communities can secure benefits from future investment.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Capital

Executive have previously approved £750K towards the cost of improvement works at the Ronald Johnson Playing Fields (refer to report to Executive 22nd July 2009). It is proposed that this provision within the capital programme is vired to the FC United scheme subject to the provision of viable capital and revenue business cases showing sufficient funding has been secured to develop the site.

It is also intended that from this funding, the cost of the feasibility study and other expenses relating to the re-development of the business plan to the new site will be incurred. This will still be required should the scheme not go ahead and currently equates to approximately £200K.

Financial Consequences – Revenue

The majority of the site is currently let to Trustees of Moston Juniors FC who have a

25 year lease which expires in 2032. The rental is £1,000 per annum, which is reviewed annually by reference to Retail Price Index. This income stream may need to be relinquished as part of the proposed surrender and grant of new lease to FC United.

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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.

1. Capital Programme – Proposed Increases. Report to Executive – 22nd July 2009.

1.0 Introduction

1.1 Leisure Services and New East Manchester have been working collaboratively with FC United to develop a project aimed at securing a home for the club with a view to securing economic and regeneration benefits to the area. FC United are a member owned club, run along the lines of a co-operative with one member one vote. The club have expressed a strong commitment to community and sports development in addition to their competitive goals as a football club.

1.2 The club have been working to bring forward proposals to develop a new ground and community facilities at the Ten Acres Lane Sports Complex in Newton Heath. The club secured planning approval for this site in November 2010; however, following confirmation of the Council's budget settlement in December 2010 and a decision by the Council to reduce revenue expenditure on this site, it was necessary to review the Council's strategic priorities for investment into football facilities and to examine alternative options to deliver this initiative.

1.3 Representatives from the FC United have therefore been working with officers from the City Council and New East Manchester to review the options for development and this report summarises the outcome of that review. The club have expressed a strong interest in basing themselves permanently in

Manchester and are currently seeking to create the following:

- A new ground and competition facilities.
- Community and social facilities as part of a new complex.
- Regeneration of and investment into a leisure site.
- The delivery of a community development and sporting offer into the local community.
- The transfer via lease or other mechanism of a site to their ownership to enable funds to be secured.

1.4 FC United is currently implementing the following funding strategy to bring forward this development:

- £1.5m Community Shares Scheme
- £0.5m from the FC United Development Fund
- £0.85m grant funding from Football Foundation, Sport England & other grant bodies.
- Seeking capital investment from the City Council to secure community benefits.

1.5 FC United have raised £1.3m to date from their community shares offer associated with the development of Ten Acres Lane. In order to protect this investment the club urgently needs to issue a revised share offer to avoid serious risk of having to repay shareholders the value of their investments to date. Therefore, the club is seeking support from the Council to enable them to meet their shareholders on the 7th April 2011 to confirm the terms of a revised offer.

2.0 Background

2.1 FC United is a supporter owned not for profit football club which was established in 2005 and is constituted as an Industrial and Provident Society. The club seeks to empower fans through its democratic operating structure and deliver community benefits by providing accessible facilities which respond to the needs of local people.

2.2 The club currently plays their home games at Gigg Lane, Bury and has office space in Ancoats. As a result a considerable proportion of the revenue the club generates is absorbed in rental payments rather than supporting the delivery of the club's objectives.

2.3 FC United has a membership of over 2,500 people and their matches currently attract an average crowd in excess of 2,200. The club's objectives include the strengthening of the bonds between itself and the community it serves, and to benefit present and future members of the community served by the club by providing accessible recreational, sporting and community focussed facilities and services.

2.4 To support the delivery of its objectives the club therefore has ambitions to build a ground with a capacity for 5,000 spectators plus additional facilities for community use including grass pitches, a third generation artificial pitch and

multi purpose function rooms. To meet the club's requirements, it is intended that the ground will be operational by the start of the 2012/13 football season.

3.0 Development Options

- 3.1 Three alternative development options have been examined and these are outlined below.
- 3.2 **Option 1 - Ronald Johnson Playing Fields** - Leisure Services has been working collaboratively with Moston Juniors Football Club and St Mathew's High School to upgrade and improve Ronald Johnson Playing Fields in North Manchester. The facility is a self contained site comprising of three full sized pitches and has already received investment into pitch drainage and perimeter fencing as part of a two phased community football development project.
- 3.3 The second phase of the Ronald Johnson Project was to build a club house, changing facility and all weather pitch on site. To deliver this Leisure Services has been working with Moston Juniors FC to leverage investment from the Football Foundation. Leisure Services have allocated £750k in their capital programme with a view to progressing funding discussions and delivering a strong community football development offer.
- 3.4 The site has the available space and offers the potential for a collaborative arrangement between Moston Juniors and other clubs, therefore, this site offers an extremely strong potential alternative for FC United. The benefits of this option are as follows:
- Bringing further investment into North Manchester
 - Bringing a stronger football offer to Ronald Johnson Playing Fields
 - Helping to sustain Moston Junior's Business Plan
 - Synergies and potential savings could be made on the capital development
 - Strong prospects of leveraging capital investment.
 - Resident views have been previously sought on the Moston FC scheme and these were very positive.
- 3.5 This option has been shared with the Football Foundation and Sport England who have indicated that this site offers the potential for a strong proposal for investment from them. FC United have also indicated that the site will provide them with a very strong option and greater scope to deliver community football activities. In addition, discussions have been held with planning and highways to understand the likely challenges.
- 3.6 In order to develop the facilities at this site both FC United and Moston Juniors FC would need to agree to a collaborative approach, the clubs have already engaged in some dialogue and the discussions have been very positive with both clubs supportive of a collaborative approach. There are some restrictive covenants on the site, however early indications are that these can be navigated through to enable the proposal to be fully developed.
- 3.7 **Option 2 - Broughton Park** - Broughton Park Rugby Club sits at the rear of Hough End Playing Fields, the site includes a clubhouse, 150 seat

grandstand, five full sized grass pitches and a small all weather training area. The facilities are leased to Broughton Park Rugby Club who operate the site as a community facility on a not for profit basis. The site has the available space and offers the potential for a collaborative arrangement between the Club and other sports such as football, on either a ground share basis or co-located basis. However, there are some significant challenges with this option which are as follows:

- This would require both clubs to agree to a collaborative approach on a ground share basis and this has a number of disadvantages including: agreeing the fixture priorities between Rugby and Football, fixture clashes, agreeing ongoing revenue responsibility and capital replacement and overuse of the playing surface effecting pitch quality.
- There are restrictive covenants on the Playing Fields which will need to be navigated through.
- Maintaining a high quality playing surface will be a challenge if utilised for both Rugby and Football and this could have additional ongoing costs.
- The City Council currently has no capital funding allocated to a development on this site.
- There is limited car parking available in this area at weekends.
- Historically residents have strongly objected to stadium development on this site.

3.8 Option 3 Wythenshawe Park - As part of the master planning and regeneration plans for Wythenshawe Park, an area located within the centre of the Park has been identified as a potential Sports Zone. This area already has an 8 lane 400m athletics track, throws field, changing block and tennis courts. The athletics and throws facility is contained within a restricted area of the Park, this area has the available space and offers the potential for a collaborative arrangement between the park and other sports such as football and therefore, this site offers a potential alternative for FC United. However, there are also some significant challenges with this option which are as follows:

- Positioning a football ground in the centre of the Park is likely to receive objection from residents.
- There are restrictive covenants on the Park which will need to be navigated through.
- The City Council currently has no capital funding allocated to a development on this site.
- There is limited car parking available in this area at weekends.
- There is likely to be some significant tension between the regular Park activities and the match day programme.
- Historically residents have strongly objected to development on this site. Residents have previously strongly objected to an indoor Basketball facility proposed for the same location.

3.9 Ten Acres Lane future - Given the decision by the Council to reduce revenue expenditure at Ten Acres Lane, it is clear that the site would not maximise the use of available resources or generate the maximum regenerative benefits for the City. However, the facilities at Ten Acres Lane still serve as an invaluable

community resource for Newton Heath and the all weather pitch in particular is in need of lifecycle replacement.

- 3.10 As part of the budget reductions agreed by the Council in March 2011 Leisure Services is now undertaking a review of proposed alternative management arrangements for Ten Acres Lane. As part of this review Leisure Services have committed to working with the Manchester Sport and Leisure Trust to fully examine alternative arrangements for securing investment into the pitch, building on the recent investment that has been delivered in the Sports Hall for Martial Arts and Taekwondo.

4.0 Conclusions and Next Steps

- 4.1 Given the planned investment the agreed option must generate the maximum regenerative benefits for the City. Whilst the two options at Broughton Park and Wythenshawe Park are potential alternatives, neither site offers a viable proposition and nor do they have the potential to leverage significant capital resources. Additionally these sites could restrict the ambition and potential to generate maximum community benefit. The option at Ronald Johnson will support and sustain a junior football club, will deliver significant social benefit to local schools and residents and has strong potential to leverage investment.
- 4.2 Whilst Ronald Johnson is the preferred option, it should be noted that part of the site is held under charitable trust by the City Council and can therefore only be disposed of in accordance with the requirements of the Charity Commission. As part of the feasibility work the City Council will liaise with the Charity Commission, providing confirmation that the City Council is having full regard to the charitable status of the land through the decision making process and providing proposals to protect the charitable objects of the trusts that hold the land.
- 4.3 In order to develop a detailed proposal for the Ronald Johnson site further work is required to determine the ground conditions and its suitability for a development of this nature. In addition, detailed consultation is required to ascertain the views of residents and key stakeholders.
- 4.4 Additionally, in order to complete this development in time for the clubs target date of August 2012, FC United are seeking to submit a planning application in July 2011 and to progress a partnership agreement with Moston Juniors FC to positively enhance the offer for the Moston area. Moston Juniors currently occupies the site by virtue of a lease, which has 21 years unexpired. FC United and the City Council will have to reach an agreement with Moston Juniors in order to make the site available to FC United to facilitate the development of the new ground.
- 4.5 In order to ensure that the facilities at Ten Acres Lane remain viable, Leisure Services will work with the Manchester Sport and Leisure Trust to seek alternative management arrangements and seek to secure investment for the lifecycle replacement of the all weather pitch.

5.0 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

- 5.1 The development of a stadium and community sports facilities will provide the catalyst for further investment and employment in the area.

(b) Reaching full potential in education and employment

- 5.2 The facilities will facilitate the creation of a number of jobs in a range of employment sectors.

(c) Individual and collective self esteem – mutual respect

- 5.3 Not applicable.

(d) Neighbourhoods of Choice

- 5.4 The development will provide the opportunity to deliver appropriate additional sports and community facilities which will help ensure surrounding communities can secure benefits from future investment.

6.0 Key Polices and Considerations

(a) Equal Opportunities

- 6.1 A key outcome will be to capture employment opportunities and ensure that local residents have the opportunity to compete for such job opportunities. In addition, there is a commitment to ensure that design standards will comply with the highest standards of accessibility.

(b) Risk Management

- 6.2 A risk management strategy will be developed during the spring of 2011, which will be continually monitored to enable the Council to respond to risks throughout the lifetime of the project concerned.

(c) Legal Considerations

- 6.3 The detailed terms and legal implications of the land disposal will need to be determined in parallel to the work in relation to the charitable trust that affects part of the site.