

Report of the Acting Chief Executive

Community Stadium Project – Stadium Naming Rights Sponsorship

Summary

1. This report seeks Executive Member approval for the Council to enter into an agreement with London North Eastern Railway (LNER) for the Naming Rights Sponsorship at the Community Stadium.

Background

2. Within the original Stadium Business Case consideration was given to the sale of the Stadium naming rights as a contributory element to the overall operating model.
3. In 2012 property and valuation advisors Edward Symmons valued the naming rights between £40k - £60k per annum. This valuation was consistent with the estimate made in the original business case of between £50k to £70k per annum.
4. As part of the Project, the Council has retained the commercial rights to the name of the new Stadium as well as associated stand naming and sponsorship of the North, West, East Stands, and hospitality.
5. In 2014 specialist advice was provided relating to stadium and stand naming rights matters from StadiArena Consultants Ltd. The company previously had in-depth involvement in the commercial aspects of a number of new stadiums in the UK.
6. They advised that:
 - Naming rights for stadia are rarely advertised. The majority of the sponsors in the UK have had either a previous or an existing relationship with either the club or the town/city.
 - The value of the contract is rarely disclosed.
 - There are usually considerable costs associated with the contracts making a large difference between the gross and net cost of the contract.
7. Following the commercially confidential advice from StadiArena Consultants Limited a base sponsorship package was determined for

each element (stadium name & stand names) with further work carried out to determine the 'likely' value (and therefore cost) of each package item and the potential 'sale' value of the package items.

Choosing the Naming Rights Sponsor for the Stadium

8. The sale of the naming rights for a stadium does not require an OJEU tender process as the Council is not procuring goods, works or services but rather it is selling an asset.
9. The process to find a sponsor has been structured based on external advice (referred to at paragraph 5 above) which was sought to ensure that best value is achieved for the naming rights package in line with market practice.
10. On the basis of the advice received from StadiArena Consultants Ltd, a focused marketing exercise was undertaken by the Council identifying potential organisations with an appropriate profile. A short list of targets was prepared and approaches were made to five major businesses with an interest in York.
11. Discussions with one of these businesses, LNER, have continued and draft terms have been agreed subject to Council approval.
12. If the terms of the Stadium Naming Rights Sponsorship are approved through the recommendations of this report parties will proceed to enter into a formal contract immediately.

The Stadium Naming Rights Sponsorship Agreement

13. Through the Stadium Naming Rights Sponsorship Agreement, the Stadium name is to be the – LNER Community Stadium.
14. LNER through the Agreement will also have the naming rights to the main East Stand of the Stadium and it is proposed this will be named the – LNER Azuma Stand.
15. The Stadium Naming Rights Sponsorship Agreement with LNER contains commercially sensitive information that cannot be disclosed in the main body of this report. Confidential Annex A to this report sets out a summary of these confidential items for the Executive Member, including the proposed value and length of the Stadium Naming Rights Sponsorship Agreement.

Report Implications

16. **Financial** – Income over the term of Stadium Naming Rights Sponsorship Agreement will form part of the Project revenues. This key income stream contributing to the stadium and wider leisure business model. The level of income being received is in line with estimates included in the revenue business case updated to Executive at July 2017.
17. **Human Resources (HR)** – none
18. **Equalities, Crime and Disorder and IT** - none
19. **Legal** – Legal advice has been incorporated where applicable within this report. To note the Council continues to be advised on the Project by external law firm Womble Bond Dickinson LLP.
20. **Property** – none
21. **Risk Management** – There are no significant risks to this report.
22. **Other** – none

Recommendations

23. The Executive Member is asked to approve:
 - a. That the Acting Chief Executive & Director of Customer and Corporate Services, be authorised to arrange execution of the Stadium Naming Rights Sponsorship Agreement.

Reason: To ensure continued progress with the Project, securing a named Sponsor for the Stadium and income to the Project revenue.

Report Contact Details

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Report
Approved



14 November 2019

Wards Affected:

All



For further information please contact the author of the report

Annexes

Confidential Annex A – Summary of the Stadium Naming Rights Sponsorship Agreements value, term length and core offer to LNER.

Defined Glossary of Terms Used In This Report

Definition	Meaning
DBOM	Design, Build, Operate and Maintain
DBOM Contract	the Design, Build, Operate and Maintain contract
FC	York City Football Club
GLL	Greenwich Leisure Ltd
LNER	London North Eastern Railway
Project	The Community Stadium & Leisure Facilities Project
Sponsor	London North Eastern Railway (LNER)
Stadium	an 8,500 all seat community sports stadium to host professional football and rugby league games
Stadium Name	LNER Community Stadium
Stadium Naming Rights Sponsorship Agreement	The contract to be entered into with LNER for the naming rights sponsorship at the new York Community Stadium
YCK	York City Knights RLFC