

Manchester City financial scandal rocks Burnham government

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The escalating scandal around Manchester City Football Club's (MCFC) breach of financial rules now threatens Prime Minister Andy Burnham's premiership and multi-billion pound commercial relations between Britain and the United Arab Emirates (UAE).

The scandal has laid bare the reality of the "Manchesterism" agenda Burnham declared would be the basis for governing nationally on entering Downing Street in July, following a decade as Mayor of Greater Manchester. Burnham's ethos is revealed as nothing more than slavish fawning after big business, including placing a city-region's resources—even its globally recognised sporting institutions—at the service of private capital.

The Premier League, the organising body of top-tier football in England, found Manchester City guilty of 114 breaches of financial rules over the period 2009-2018. Football Leaks, a website set up in 2015 by Portuguese hacker Rui Pinto to expose "the hidden side of football," first published allegations of City's financial manoeuvring through *Der Spiegel* in 2018.

The Premier League's independent commission, whose hearing concluded in December 2024, published its redacted "core decision" on September 29. Chief executive Richard Masters said it "details how the club systematically broke Premier League rules for nearly a decade."

The Club's owners are the Abu Dhabi United Group (ADUG), the UAE-based private equity company. The Premier League's report "found City arranged 'sham' commercial deals with a number of its sponsors ... which were part of a disguised funding scheme, whereby those companies were only required to pay a portion of the relevant sponsorship fees. The remainder was funded by [ADUG]." Sponsors paid a "base sum" and ADUG a vastly inflated "tagged sum," with the total recorded as sponsorship revenue. ADUG-funded arrangements included "a 'sham' circular arrangement with a third party, Fordham, which purchased players' image rights, enabling the club to record lower costs.

The purpose was "to artificially inflate the club's revenues, and reduce its costs ... to appear to comply with financial rules." The "disguised funding scheme" was worth £830.6 million and hid another £70 million in costs. It helped fund Manchester City's rise into a global powerhouse.

MCFC deny the charges and have appealed the verdict. A sanctioning hearing is scheduled for next year, which could see the club hit with record fines, have points docked or even be relegated.

Burnham's first response, in a BBC interview on September 30, was that he would be "really concerned to lose" the club's owners due to the case. He praised the Abu Dhabi owners for having been "such a huge partner in the building of modern Manchester" while he was mayor of the Greater Manchester Combined Authority (GMCA).

As the scandal grew, Downing Street tried to row back. On October 1, a spokesperson said, "If wrongdoing is established, those responsible should face the appropriate consequences."

It emerged that, on September 14, just two weeks before the verdict, MCFC chair Khaldoon Al Mubarak met Business Secretary Jonathan Reynolds in Downing Street. This was reportedly in his capacity as chief executive of Mubadala, Abu Dhabi's \$330 billion sovereign wealth fund—with assets in more than 50 countries across six international offices. According to Bloomberg, they discussed UAE investment in Britain, covering defence, security, intelligence and trade.

The UAE has reportedly invested more than £30 billion in British industry—three times the initial £10 billion pledged—over the past five years under a 2021 Sovereign Investment Partnership led by Mubadala. Emirati officials have reportedly warned the government that the severity of the verdict could endanger further large-scale investment, according to *Bloomberg*.

The *Telegraph* reported that the UAE has also threatened to scrap billions in private capital the government is seeking for an Oxford–Cambridge technology corridor.

The relationship between Burnham and the Abu Dhabi oil-rich monarchs was such that, within a week of entering Downing Street he spoke on July 26 to UAE President Sheikh Mohamed bin Zayed Al Nahyan, the brother of City's owner—Sheikh Mansour bin Zayed Al Nahyan (vice-president and deputy prime minister of the UAE). According to the official readout, the prime minister "began by thanking His Highness for his country's investment into Manchester and the incredible impact it has had on the city."

Manchester City was bought in 2008 by ADUG on behalf of

Sheikh Mansour. The club already had a new stadium, the centrepiece of the 2002 Commonwealth Games, leased from the Labour-run Manchester City Council.

Built with public money, the stadium stands on the site of the former Bradford Colliery, which employed 1,500 miners when it closed in 1968. The club's vast 80-acre training complex next door was built on the former Clayton Aniline chemical works, which employed 2,500 workers at its peak in the 1970s.

Once Abu Dhabi's billionaires had bought the club—with MCFC paying the council a nominal rent for the stadium—the council offered it the prize of vast tracts of de-industrialised east Manchester.

In 2014, the council announced a “£1bn deal” with ADUG, forming the Manchester Life joint venture, with council leader Sir Richard Leese and chief executive Sir Howard Bernstein sitting on its board alongside MCFC board members Martin Edelman and Simon Pearce, an adviser to the Abu Dhabi regime. A 10-year “collaboration agreement” signed in 2015 gave ADUG the right of first refusal on council land across prime undeveloped areas between what was now named the Etihad stadium—sponsored by the UAE's airline—and the city centre. Manchester Life built more than 1,000 private rented apartments and 395 homes for sale—but not one social or affordable home.

A 2022 University of Sheffield study, *Manchester Off-Shored*, found the council had sold 999-year leaseholds on public land to Jersey-based ADUG subsidiaries “below comparable rates,” and had “sold the family silver too cheap.” The researchers described this as “a transfer of public wealth to private hands that is difficult to justify as prudent,” and estimated that Manchester Life property worth nearly £350 million was held by the same subsidiaries.

After leaving the council in 2017, Bernstein became a strategic adviser to the ADUG-majority owned City Football Group—self-described as “the world's leading private owner and operator of football clubs—with total or partial ownership of 12 worldwide”. Leese stepped down as council leader in December 2021, appointed an honorary president of MCFC in May 2023.

Under Burnham's control, the Greater Manchester Housing Investment Loans Fund poured public money into private developers. Up to £1 billion in taxpayer funding was loaned to around 50 property companies for luxury apartment blocks, including £615 million to Renaker, owned by billionaire Daren Whitaker. The GMCA approved a £24.5 million loan to Manchester Life in October 2017, with the Sheffield research identifying around £55 million in public loans across three Manchester Life developments.

This largesse was provided to a ruling family Bloomberg ranks the second-richest in the world, worth \$335.9 billion.

A GMCA-commissioned evaluation, completed in January 2025 but not made public until March 2026, found that of 10,974 homes delivered or expected to be delivered by

developments financed through its housing loans fund, just 679 (6 percent) were classed as affordable. What is designated affordable is still well out of reach for many working class families being crushed by a worsening cost of living crisis.

Senior council official Dominic Hayes resigned in March 2018, after seven months as director of development and corporate real estate. According to *The Mill*, notes of a staff meeting on March 21, taken by development manager Gillian Boyle, record senior officer Eddie Smith saying: “You don't criticise the council's relationship with the football club” and expect to stay at the council. Smith denies making the remark.

The scandal has engulfed Burnham's flagship “Number 10 North” office, which he boasted would be his base as he revitalised the north of England. In July, the government confirmed its permanent home would be on derelict land within the area covered by ADUG's first-refusal deal. According to the *Telegraph*, the council paid £35 million for the site in 2017, after a rival developer bid £29 million and an independent valuation put it at £33 million. A council document recommended “partnership type arrangements with ADUG” for its redevelopment.

On October 5, the *Manchester Evening News* reported that Number 10 North would instead be located at another city centre location, where offices are already in place, with Downing Street insisting the switch had nothing to do with the scandal.

A Blairite loyalist, Burnham reinvented himself as the “everyman” mayor, and as prime minister offered a moderated critique of “wrong turns in the 1980s.” The MCFC scandal has blown that pretence apart. He and his Labour allies in Greater Manchester were central to the courtship of the Gulf oligarchy.

Opining on “Andy Burnham's Manchester City problem”, Stephen Bush gave a blunt appraisal Tuesday in the *Financial Times*: “What we are seeing here is ‘Manchesterism’, as a narrative about Burnham's mayoralty designed to make the Labour Party feel good about itself, colliding with the reality of actually existing Manchesterism. In the latter, Manchester was reborn by ruthlessly marketing itself to global investment capital.”



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