

REPORT FOR DECISION



DECISION OF:	Councillor David Jones, Leader of the Council
DATE:	23 September 2019
SUBJECT:	Support to Forever Bury, the official Supporters' Trust of Bury FC
REPORT FROM:	The Chief Executive
CONTACT OFFICER:	Geoff Little, Chief Executive
TYPE OF DECISION:	CABINET
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	The report provides an update on the Council motion passed on 11 September. It also seeks approval to the Council's role as a member of the Rescue Board for Bury FC, together with endorsement to support Forever Bury by working with the Greater Manchester Combined Authority on the bid process.
RECOMMENDED OPTION	<p>Cabinet approves the Council's role as a member of the Rescue Board for Bury FC.</p> <p>Cabinet endorses the support to the Supporters' Trust of Bury FC by working with the Greater Manchester Combined Authority on the bid process.</p>
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	<p>There are no material financial implications to the Council.</p> <p>Mike Woodhead</p>
Equality/Diversity implications:	None.

Considered by Monitoring Officer:	<p>The Council has a wide general power of competence to do anything an individual may do which is not prohibited by law (Section 1(1) of the Localism Act 2011). This enables the Council to participate as a member of the Rescue Board for Bury FC and support the Supporters' Trust which, if successful, will contribute to the social and economic well-being of the Borough. The decision must be reasonable in that Members must have regard to all relevant matters and must disregard from consideration any irrelevant or collateral matters.</p> <p>Members must also be mindful of declaring any relevant interests in this matter unless they are insignificant or shared with other members of the public generally.</p>	JH
Wards Affected:	Redvales	
Scrutiny Interest:	No.	

TRACKING/PROCESS

DIRECTOR:

Joint Executive Team	Cabinet Member/Chair Briefed	Ward Members (if necessary)	Partners
	19.9.19		
Scrutiny Committee	Other Committee	Council	Comms

1.0 BACKGROUND

- 1.1** The English Football League (EFL) Board, on 27 August 2019, determined that Bury FC's membership of the EFL should be withdrawn.
- 1.2** The Club has been suffering from financial problems for a number of years.
- 1.3** Many clubs in the lower league professional football structure (the Championship and Leagues 1 and 2) have been suffering from financial duress. The problems of Championship clubs falling out of the Premier League and losing access to parachute payments (two years of Premier League money to enable adaption) attract the most media. This happened with both Bolton and Portsmouth. There are also many lower-league clubs which have struggled with combinations of the cost of football contracts, the challenge of managing old and capital hungry stadiums and an environment where competing clubs 'risk' capital in pursuit of higher revenues secured through promotions.

- 1.4** A winding-up petition was originally brought by the Clubs former Head Coach and was taken on by the HMRC. The winding-up order was dismissed by the Court on the 31st July. This allowed Bury FC the opportunity to implement a CVA which had been agreed with the approval of its creditors on the 18th of July. The creditors including the HMRC approved an arrangement which saw the football creditors being paid in full and unsecured creditors receive 25% of the money they are owed.
- 1.5** The CVA (a company voluntary arrangement) is a mechanism used by limited companies to continue trading whilst they are insolvent, this can only be done with the agreement of the creditors who will only agree to such a mechanism because it gives them a prospect of receiving at least a portion of their outstanding debt.
- 1.6** With a CVA in place the club were given a deadline by the EFL to demonstrate that it had the funds to meet both its existing debts and could cover the running costs for the upcoming season, or, that a credible takeover negotiation was in-play. The Club were given a deadline of the 23rd of August to demonstrate progress. After failing to achieve this the Club were granted a short extension to enable a live takeover discussion to progress, but this proved unsuccessful.
- 1.7** The creditors to the club include the HMRC and the Council, we are owed outstanding business rates. But also included on the CVA were debts incurred during the clubs previous ownership. Any purchaser would also have to deal with an outstanding mortgage debt secured against the stadium, and some challenges around ownerships of the main car park and social club.
- 1.8** The complications associated with unpicking the financial affairs of the club contributed to the challenges associated with attempts to sell the business ahead of a fixed deadline set by the EFL. There was simply not enough time for a credible bidder to undertake due-diligence and the club was expelled from the Football League.
- 1.9** This decision has had social and economic consequences, not only for the Club and those immediately connected to it, but for the wider community in Bury.
- 1.10** League One currently comprises 23 Clubs for the remainder of the season and relegation places in the division will be reduced to three, which will result in a full complement of the 25 Clubs in 2020/21. The EFL are meeting on 26 September to consider the consequential impact in League Two.
- 1.11** The Council, at its meeting on 11 September passed the following motion:

This Council fully endorses the joint statement made by the Rescue Board on 2nd September.

The Council continues its support for the working group and development of a proposal to put to the English Football League by 20th September.

The Council works with Forever Bury, GMCA, Mayor Andy Burnham, local MPs and other stakeholders on the development of a credible plan to rebuild Bury FC by the end of the year.

The Council provides due diligence for any new ownership proposal and support all efforts through the Rescue Board to save Bury FC as a trading

entity and secure its readmittance to the English Football League next season.

The Council invites the House of Commons Digital, Culture, Media and Sport Select Committee to Bury to hold a hearing as part of the inquiry it is holding into football governance and Bury FC to hear directly from local stakeholders and supporters.

2.0 RESCUE BOARD

- 2.1** A Rescue Board was established with representatives from Forever Bury, Bury's MPs, the Council and the Greater Manchester Combined Authority, to put a case to the EFL to consider readmission of Bury Football Club into the English Football League structure.
- 2.2** There is a planned meeting of the EFL Board on the 26th of September. The supporters of Bury FC have written to the EFL and have been seeking to get a proposition from Bury FC onto their agenda. The basis of the proposition is that if reputable new owners can be found that the club should be allowed re—entry into Football League 2 for the start of the 2020/21 season.
- 2.3** If the EFL are agreeable to this notion then it will be put to the 71 members of the Football League. This is where the Bury Supporters and particularly the 'Forever Bury' movement have been working hard behind the scenes, approaching other fan groups to seek to put pressure on the owners of their Clubs to solicit their support for any potential proposition around readmission.

3.0 ROLE OF THE COUNCIL

- 3.1** The Council and the Greater Manchester Combined Authority (GMCA) have agreed to work together to provide support to the process being led by the Supporters' Trust of Bury FC, to find potential purchasers of the Football Club, if the EFL agree to review. The Council and the GMCA have agreed to provide the necessary external challenge to ensure any proposal is financially viable and could deliver stability for both the club and the league in the long term.
- 3.2** To aid this process the partners in the rescue consortium are encouraging the owner of the Club to fully share all the necessary information that an interested purchaser would require. This would include details of any further outstanding creditors (beyond those listed in the CVA) guarantees and assets along with historic trading data.
- 3.3** The Council and the GMCA are keen to support a professionally run sales process which is open, transparent and independent.

4.0 CONCLUSION

- 4.1** Bury FC has been a part of Bury's cultural identity and the town's history. The proposal to support Forever Bury align with the Council's ambitions for an inclusive economy, with the Club providing employment and wider benefits to the local economy.

List of Background Papers:-

None

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