

# REPORT FOR DECISION



<b>DECISION OF:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>25 March 2020</b>
<b>SUBJECT:</b>	<b>Bury FC Update Position (Part A)</b>
<b>REPORT FROM:</b>	<b>Cllr David Jones, Leader of the Council</b>
<b>CONTACT OFFICER:</b>	<b>Paul Lakin, Director of Regeneration and Capital Growth</b>
<b>TYPE OF DECISION:</b>	<b>Executive - Non Key.</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	For publication A further report, exempt from publication and to be considered within the closed section of the agenda, advises of the detailed status of the due-diligence process which contains commercially confidential information
<b>SUMMARY:</b>	This paper gives an update on the position regarding Bury FC since the Club went into a CVA (Company Voluntary Agreement) and was expelled from the English Football League on August 27 <sup>th</sup> 2019 and sets details of the support sought from the Council
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	Cabinet is asked to note the following: <ol style="list-style-type: none"> <li>1. That the Council is engaging in discussions with a consortium over potential options to secure the future on Bury FC. These discussions are currently ongoing and any proposals will be subject to relevant financial and legal due diligence.</li> <li>2. That a further report will be presented to Cabinet to provide an update on the discussions and to present any proposals that may arise.</li> </ol>
<b>IMPLICATIONS:</b>	

<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?      Yes      No	
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	At this stage there are no financial implications. The full funding and financial implications will however be set out in any proposals that may arise from the discussions and will be contained in any future reports to Cabinet and/or Full Council prior to any decision making.	LK
<b>Equality/Diversity implications:</b>		
<b>Considered by Monitoring Officer:</b>	Yes There are no legal implications at present but further legal input will be required in terms of any future proposals and decision making.	JW
<b>Wards Affected:</b>	<b>All</b>	
<b>Scrutiny Interest:</b>		

## TRACKING/PROCESS

## DIRECTOR:

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

## 1.0 BACKGROUND

- 1.1 Bury FC went into administration last year. This followed a process under which the club failed to satisfy the English Football League (EFL) that the club had sufficient funds to operate through the complete season of 2019/20. The club suffered a number of postponements at the start of this season (August 2019) before the EFL determined it was practically impossible to complete the season. Their membership of the league was revoked and they were expelled from the league.
- 1.3 The club was then placed into a Community Voluntary Arrangement (CVA) process. This is a type of administration process, which is designed to identify whether a viable rescue plan is achievable. If this fails the club will be liquidated and any remaining assets will be sold with any returns going to the remaining creditors.

- 1.4 The Council has been approached by a consortium of local businessmen who are seeking to acquire Bury FC with a view to returning the Club into the football pyramid and using the Gigg Lane stadium for their home fixtures.
- 1.5 The 'ask' upon the Council from the consortium is that we consider acquiring the Stadium site and then seek to charge a monthly rental payment to the newly reformed club. This would enable the Club to return to playing fixtures at the Gigg lane Stadium.
- 1.6 The Council has been provided with a detailed business plan from the consortium, demonstrating how it would seek to operate and generate sufficient financial returns to reliably pay rent for a prolonged period and maintain the Stadium facility.

## **2.0 ISSUES**

- 2.1 It is important the Council receives specialist input to aid our decision making processes and to fully understand the risks associated with an investment.
- 2.2 The Council has retained the GMCA Investment Team to undertake a financial due-diligence on the business plan presented to the Council.
- 2.3 The Council has also retained specialist property advisors, Avison Young, to provide advice on the land and property related aspects of the proposed deal.
- 2.4 The Council has further sought to obtain specialist legal advice to review key issues such as state aid and third party land-ownership issues.
- 2.5 The culmination of this detailed due-diligence work will allow the Cabinet and subsequently Full Council, to make a fully informed decision around the risks associated with a potential investment and whether to proceed with negotiations.

## **3.0 CONCLUSION**

- 3.1 This proposal has benefits and as such it is right for the Council to fully investigate the option to invest. A final decision can only be made once the full due-diligence is completed.

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### **List of Background Papers:-**

None.

### **Contact Details:-**

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