

Report to:	Cabinet	Date: 12 January 2022
Subject:	Bury Community Stadium, Gigg Lane.	
Report of	Leader and Cabinet Member for Finance and Growth Cabinet Member for Culture and the Economy	

1.0 Summary

- 1.1 The report seeks approval for the Council to engage in negotiations with the Bury Football Supporters Society in relation to a proposed financial contribution in the Gigg Lane Stadium site.

2.0 Recommendation(s)

- 2.1 That the Cabinet agree in principle to work with the Bury Football Supporters Society to explore how the Council can provide financial assistance to bring football back to Gigg Lane.
- 2.2 That a further report be submitted to a future meeting of Cabinet seeking approval to any funding proposals.

3.0 Reasons for recommendation(s)

- 3.1 Gigg Lane is an important community asset, and the Council has been asked to help with the process of re-commissioning and re-developing the facility.

The proposals to re-commission Gigg Lane as a football venue are complex and the plans involve a considerable amount of risk and challenge. Given the community benefits associated with the project it is right that the Local Authority play a proactive role in working with the various stakeholders.

4.0 Alternative options considered and rejected

- 4.1 The alternative option is for the Council to not offer support however a solution must be found for the future of the Gigg Lane site, as it currently sits an abandoned building in the middle of a residential neighbourhood.

Report Author and Contact Details:

Name: Paul Lakin

Position: Executive Director of Place

Department: Business, Growth & Infrastructure

E-mail: P.Lakin@bury.gov.uk

5.0 Background

Bury FC ran into severe financial difficulties following the end of the 2019/20 season. The owner of the club was unable to meet his obligations and the club were placed into administration.

- 5.1 During the administration process attempts were made to find a buyer for the Club. This was a process actively supported by the GMCA and the Council. The process was unsuccessful. The failure to find a new buyer led to the Club losing its much-cherished football league status.
- 5.2 The process of administration is designed to recover the maximum financial sum for any creditors. The Gigg Lane stadium site itself had been subject to a loan which the Club could no longer pay, the ultimate owners of the debt instructed administrators to dispose of the site and recover funding on behalf of the creditors.
- 5.3 At this stage there is the risk that the site would be sold to a land developer, a housebuilder or another entity with no interest in operating the site as a Stadium. The Council has put in measures to protect the land through its designation as an asset of community value. The designation was first obtained in 2014 for a five-year period and was subsequently renewed for a further five-year period from 2019.
- 5.4 The site is also potentially further protected by Sport England, who are a statutory consultee for the site and can insist that for a planning application to progress an alternative 'equivalent' site with a playing pitch and associated facilities would have to be found elsewhere in the town.
- 5.5 With the site being marketed for sale and the potential threat of the land being lost forever as a location for professional football (the above protections are not absolute), this galvanised fan groups to create a proposition for a community owned and operated facility. This led to the funding application to the 'Community Ownership' fund. On 23rd December it was confirmed in writing by the Department of Levelling Up, Housing and Communities that the fan-group had been successful in obtaining a grant of £1m.
- 5.6 The opportunity to build a genuinely fan-owned and community-based football club in Bury accorded with a prevailing view that fan ownership was the right way forward for smaller football clubs. This view was reinforced by a Parliamentary Inquiry which was held following the original collapse of Bury FC.

6.0 Position of Bury AFC

- 6.1 Bury AFC were formed in 2019 following the collapse of Bury FC as a 'phoenix club' which effectively meant they started from nothing.
- 6.2 The club successfully applied for a position in the football league pyramid and were placed in the North-West Counties league.

- 6.3 The Club is managed by volunteers and is owned by a community benefit society 'the Shakers Community Society', membership of the Board is subject to elections from the Members. Since formation, the Club has established a sporting infrastructure, a strong and growing fan base, more than 700 season-tickets have been sold and the club currently stand top of the league in which they compete with a strong chance of promotion at the end of the season to the next tier of the non-league system.
- 6.4 The Club currently play home fixtures at Stainton Park in Radcliffe, the stadium is owned by Radcliffe Football Club. There is an ambition for Bury AFC to return to the town of Bury, and a recent study part-funded by the Council identified Gigg Lane as one of two viable sites as a future home for the Club.

7.0 Regeneration proposal for Gigg Lane

- 7.1 The 'Forever Bury' supporters society were the applicants for the Community Ownership Fund.
- 7.2 They have received a letter from the secretary of state notifying them that they have been successful in obtaining a grant of £1m. This will be followed by a formal grant funding agreement. The grant funding agreement will bind the supporter's society to deliver the outcomes as detailed in their funding application.
- 7.3 The funding application was supported by the Council as well as other stakeholders such as the local MP. Having received the funding, the next step for the society is to secure the remaining funding required to implement the project.
- 7.4 The society have obtained £1m as a grant funding offer from Government, in addition to this, a group of fans identified as 'key founders' will collectively invest a substantial sum.
- 7.5 The society have stated that they have had positive discussions with the Football Foundation (who provide grants for grassroots football in England) regarding a funding contribution for the 3G pitch.
- 7.6 The society have approached the Council regarding a one-off financial contribution of up to c.£450k towards the overall project costs.

8.0 Basis for a Council Contribution

- 8.1 The Council provided the society with a letter of support for their bid to the Community Ownership fund.
- 8.2 The following key benefits of Gigg Lane being re-commissioned and redeveloped are -

1. Community Pride. Bringing football back to Gigg Lane will bring a sense of pride and optimism to the town, which is much needed as we recover from Covid.

2. Levelling Up. It is a key part of our “Let’s Do It” strategy. Bringing Gigg Lane back into use will quickly bring trade back to the supply chain of small businesses that service the football operation. Most of this economic benefit will be felt in the local area.

Bringing the ground into community ownership will extend the economic benefits by enabling a much wider range of uses to operate from the ground. Gigg Lane lies in one of the most deprived neighbourhoods in Bury and the Council is convinced that the success of this bid will help tackle that deprivation as well promote economic growth.

3. Culture. Funding from the Community Ownership Fund would undoubtedly bring a culturally led renaissance to this deprived area of the Borough.

4. Health. A cornerstone of the Let’s Do It strategy is the Bury Locality Plan for health and care transformation. The success of the Community Ownership Fund bid would make a significant contribution to the improvement of population health in the Redvales and Fishpool areas, where levels of physical activity are low and falling.

5. A Fan-led Club. From its own analysis of the causes of the demise of Bury FC, the Council is convinced the fan led governance model, one which is rooted in financial prudence, is the best way of avoiding similar future difficulties for the Club.

6. A United Place- The collaboration between Bury AFC and the Supporters Society demonstrates that the whole of Bury is united in its determination to establish a Bury football club that is sustainable in the long term and capable of ultimately reclaiming a place in the Football League.

9.0 Delivering a Financial Contribution

- 9.1 The Council has recognised that an outline economic and social case for financial support exists.
- 9.2 However, if the Council is to make a financial contribution of up to £450k towards the costs of recommissioning Gigg Lane there are several critical considerations which must be assessed.
- 9.3 In return for a funding contribution the onus is upon the applicant to demonstrate that value-for-money is being obtained, that the investment is sustainable, and, fit for purpose, lawful and governance structures are in place.
- 9.4 To obtain both value for money and sustainability it is essential that a Council financial contribution unlocks the use of the Gigg lane facility for the long-term. A key risk in the return to the Stadium is that it is a large facility, especially by non-league standards. This will require a substantial ongoing maintenance and repair budget. A programme of capital

refurbishments will be required to ensure the Stadium is modernised and complies with all stadium safety legislation.

- 9.5 The sustainability of the facility is under-pinned by the income streams that are generated both through the football operation and other ancillary activities.
- 9.6 Any proposition which includes the operation of two non-league clubs in the town would have a negative impact on the financial plans to re-commission Gigg Lane. The viability of the business plan is critically dependent upon matchday revenues, which if the supporter base is split between two non-league clubs represents a major risk to the sustainability of the business plan.
- 9.7 The most fitting way to mitigate this risk is for an agreement to be reached for a single club based at Gigg Lane. This would help bring spectators together, create a fan base of sufficient scale to compete to return to the Football League.
- 9.8 The Football Supporters Association are providing support to both parties to help try to seek an agreement. It should be noted that Bury AFC are established as a member-owned organisation, and as such any proposals to bring the organisations together will require the support of their members.
- 9.9 A successful agreement to merge would enable a refreshed business plan to be presented to the Council, one which can make much more robust assumptions about gate receipts.
- 9.10 The Council must consider the mechanism by which a funding contribution would be made. At this stage it is assumed the Council would provide a one-off contribution.
- 9.11 If the Council determine a grant is the appropriate funding mechanism this allows for the Council to take decisive action in the event of a project failure. A funding agreement may stipulate that the Council securitises its contribution against the Stadium site.
- 9.12 The Council will request that the supporters trust, provide a business and investment case alongside a detailed cost plan.
- 9.13 The cost plan must provide a detailed schedule of works with tendered costs provided; this can make some reasonable allowances for contingencies. The applicant must demonstrate that they have sought competitive quotes for the works identified. The applicant would then submit claims and payment would be made once the works have been signed-off and agreed by the Council.
- 9.14 The works programme must demonstrate that the proposed financial contribution will be sufficient to issue a stadium safety certificate.
- 9.15 This must include an assessment that the supporters trust has been properly constituted and has the appropriate financial controls.

10.0 Next steps

- 10.1 In order to position a formal application for funding with the Council some key milestones will have to be reached.
- 10.2 The discussions between the Supporters Society and AFC need to progress at speed. We will establish a memorandum of understanding to secure progress.
- 10.3 The Council will lay out in more detail the requirements for the submission of a business case and a detailed funding application. We will seek to make parallel progress in drafting an appropriate proposed funding agreement. The applicant will undertake to notify the Council of any government grant conditions or other relevant information.
- 10.4 The Council will establish an internal appraisal panel to assess the bid. Membership will include the Greater Manchester Combined Authority and will report to Cabinet.

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

1. Gigg Lane plays a key role in the community of Bury, helping create pride in the town, community cohesion and local economic benefits

Equality Impact and Considerations:

Please provide an explanation of the outcome(s) of an initial or full EIA.

2. None undertaken as yet.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision.

3. The Gigg Lane Stadium will contain a high level of embedded carbon, and any non-football use would require the demolition and clearance of the site.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The risks are laid out in the paper in relation to any investment by the Council resulting in the sustainable use of the facility	The requirement to provide a credible business plan with sufficient financial

	<p>headroom to manage the facility will be a requirement of any approval.</p> <p>A full risk assessment would be carried out as a part of a due-diligence exercise associated with the appraisal of any business case for investment presented to the Council</p>
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Legal Implications:

As set out in the report several matters will need to be considered prior to the Council providing funding towards this project, the Council as a public body we can only grant fund a non-profit organisation. Further detailed information is required to understand the legal model be it a community interest company or a registered charity. The objects of the community interest company/ charity will need clearly drafted to give assurance that the community objectives will be met.

The contingent actions include the need for the two interested groups to become one, the creation of properly constituted non-profit organisation and full financial and business plan and a professionally validated schedule of work. Detailed consideration will be given to the most appropriate form of funding, options include a grant or loan. The Council should require representation on the non-profit organisation that is created be it Trustee, Director or Member as appropriate.

Any agreement will specify the purpose of the funding, require regular review meetings and progress reports and financial management information and set out the circumstances in which partial or total clawback would be required. A report setting out the full detail will come to Cabinet shortly.

Financial Implications:

Further due diligence is required to determine the value of financial support that is required upto a maximum of £450k. The council needs to assure itself that the business plan is robust and there is a need for council financial support in addition to the match funding already identified from the private investors referenced in the application. This requires further sensitivity analysis of the financial projections within the business case, timing of cash flows and understanding all the elements of the funding sources that formed the bid for funding to Central Government. A key part of the business case which impacts upon the financial projections is the operating model and activities that will be delivered on non-match days

The council needs to be assured that before it awards monies that the value requested is after all other avenues have been exhausted, and that it is used to support the wider health, social and economic benefits of Bury residents and that it does not exceed £450k. This is also a one off grant or loan and therefore, the due diligence process must give assurance that the business plan delivers sustainability, is robust and has sensitivity analysis built in to ensure that if various income streams are of a lesser value or over a different timeframe that the society is financially resilient and that there is no risk of a further insolvency and loss to the council in the short to medium term.

As part of this due diligence process, it is key that the council is clear on how much funding is required and be specific on what its funding will contribute towards. Following this work we will be able to determine whether this will be given as a loan, revenue grant or meet the criteria for a capital grant, as although the council will not own the asset it will seek to secure the funding against the site to protect its contribution for the benefit of the Boroughs residents and community.

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning