

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 13 July 2022
<b>Subject:</b>	Council investment in Gigg Lane Stadium	
<b>Report of</b>	Cabinet Member for Culture and the Economy	

### 1. Summary

On 12 January 2022 Cabinet agreed in principle to explore how the Council can provide financial assistance to help bring professional football back to Gigg Lane. This report provides Cabinet with an update on negotiations with Bury Football Club Supporters Society Ltd ('BFCSS'), Shakers Community Society Ltd ('Shakers') and private benefactors. Cabinet is now recommended to approve funding of £450k subject to the conditions set out in the recommendations.

### 2. Recommendation(s)

It is recommended that subject to the successful outcome of the vote on the proposed merger by the members of Bury Football Club Supporters' Society Ltd ('BFCSS' previously 'Forever Bury') and Shakers Community Society Ltd ('Shakers'), that -

- Cabinet agree to commit £450k of funding to Bury Football Club Company Limited, to be used for the purpose outlined within the report.
- The detailed terms of the commitment to be delegated to the Chief Executive and the Executive Director of Finance after consultation with the Leader and the Cabinet Member for Culture and the Economy, for approval.
- The £450k recommended grant to be conditional on:
  - Satisfactory financial diligence on the business plan;
  - Evidence that the match funding from the private benefactors and balance of the grant from the Community Benefit Fund is available;
  - An agreed merger, following a successful outcome of voting by both the BFCSS and Shakers Community Benefit Societies, in line with the structure set out in Appendix 2; and
  - £450k to be deployed to fund the capital expenditure outlined in this report with the final costs to be determined through tender exercises.

### 3. Reasons for recommendation(s)

The Council now has a proposal which meets, or is on the way to meeting, the requirements set out in January when Cabinet considered the principle of providing financial support. There is a business plan which demonstrates financial sustainability. There is clarity on how community benefit will be achieved. Finally, subject to a successful vote by the members of both parties,

there will be a merger of Bury Football Club Supporters Society Ltd ('BFCSS') and Shakers Community Society Ltd ('Shakers').

Bringing professional football back to Gigg Lane will bring pride and optimism to Bury. It will bring back trade to the supply chain of small businesses that previously supported the football club and there will be a range of benefits to the communities surrounding Gigg Lane, which include some of the most deprived neighbourhoods in the borough. The community benefits will include contributions to the health and culture objectives of the Let's Do It strategy.

The proposal is for a fan-led club which will avoid the difficulties which caused the previous club to go into administration and to be ejected from the football league. The proposal is based on a merger of Bury Football Club Supporters Society Ltd ('BFCSS') and Shakers Community Society Ltd ('Shakers') which is the only way to create a financially sustainable club.

### **Alternative options considered and rejected**

The alternative option is to not provide financial support. This is not recommended as it would not comply with the decision made by Cabinet on 12th January 2022.

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### **Report Author and Contact Details:**

*Name: Geoff Little*  
*Position: Chief Executive*  
*Department: Bury Council*  
*E-mail: [G.Little@bury.gov.uk](mailto:G.Little@bury.gov.uk)*

*Name: Laura Blakey*  
*Position: Investment Director, GMCA*  
*Email: [Laura.Blakey@greatermanchester-ca.gov.uk](mailto:Laura.Blakey@greatermanchester-ca.gov.uk)*

*Name: Paul Lakin*  
*Position: Director of Place*  
*Department: Business Growth & Infrastructure*  
*E-mail: [P.Lakin@bury.gov.uk](mailto:P.Lakin@bury.gov.uk)*

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## **4. Background**

### **4.1 Gigg Lane**

A report was brought to Cabinet in January 2022 recommending that the Council agree in principle to work with the Bury Football Club Supporters Society Ltd to explore the potential for the Council to provide financial assistance to bring professional football back to Gigg Lane. This followed the successful application by Bury Football Club Supporters' Society Ltd to the Department of Levelling Up, Housing and Communities ('DLUHC') for a grant

of £1m to contribute to the acquisition of Gigg Lane, the Bury FC Intellectual Property and subsequent capital expenditure.

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. 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.

On this basis, it was agreed that in principle the Council would look to provide a grant of up to £450k. In assessing the case for a grant, the following key points have been required:

1. The merger of Bury Football Club Supporters' Society Ltd ('BFCSS' previously 'Forever Bury') and Shakers Community Society Ltd ('Shakers'). Shakers being the Community Benefit Society that owns Bury Football Club (2019) Ltd ("Bury AFC"), and BFCSS being the Community Benefit Society who, along with private benefactors, have acquired the Gigg Lane Stadium, ('Gigg Lane' and the 'Stadium') and the Bury FC Intellectual Property through a Company limited by guarantee. A glossary of the related parties is included in Appendix 1;
2. A financially viable business plan for the Stadium; and
3. A proposal which delivers a measurable community benefit.

The Stadium was acquired earlier this year utilising part of the Community Ownership Fund grant alongside funding from private benefactors.

Following the acquisition, football has returned to Gigg Lane with Bury FC Foundation Women's football team playing their final three games of the 2021/22 season at the Stadium where they were crowned champions of the Lancashire County Championship on the final day of the season. There have also been a number of grass roots matches played at the ground.

There have been several successful volunteering days to assist in the clean-up of the Stadium (which is also licensed to host games) and plans for Stadium usage, including the opening of a community cafe, are at an advanced stage (see business plan overview for further detail).

DLUHC are in the process of negotiating the programme that will allow the drawdown of the balance of the grant funding for required capital expenditure.

## **4.2 Bury AFC**

Bury AFC have been playing home fixtures at Stainton Park in Radcliffe, the stadium is owned by Radcliffe Football Club. Following a successful season, Bury AFC were crowned champions of the North-West Counties Division One North, in March 2022, in front of a crowd of over 1,800 and promoted to the

North-West Counties Premier League (for context, this is step 5 in the football pyramid, with step 1 being the National League).

### **4.3 Working Group**

A working group was formed in March 2022 with members of BFCSS and Shakers supported by representatives from Bury Council, GMCA, the Football Supporters' Association ('FSA') and the DLUHC funding team. The purpose of the group was to support the stakeholders in forming a partnership and establishing a viable business plan.

In May 2022, a Memorandum of Understanding (MoU) was signed by all parties involved in the project with the following objectives:

- To bring professional football back to Bury;
- To unite and grow the fan base to its maximum potential;
- To grow all forms of revenue to their full potential;
- To balance the competing needs of a successful football club, commerciality, and offering true benefit to a diverse local community; and
- To safeguard the principles of transparency and financial sustainability for the long term.

### **4.4 Merger discussions**

A Glossary of the related parties is included in Appendix 1.

The outline discussions around the structure for a proposed merger of the two Community Benefit Societies are well progressed, and both parties have started consultations with their respective members, with an expectation that voting will take place later in Summer 2022. The Football Supporters' Association is providing advice and assistance with the merger and amalgamation process. For clarity, the proposals for a merger, as set out in this report, can only proceed if the members of both Community Benefit Societies vote in their favour.

The premise of the proposal is that there will be a new Community Benefit Society (CBS) established which will include the member shares of both Shakers and BFCSS. This new CBS will in turn be one of two members of The Bury Football Club Company Limited (BFC) which will own both Gigg Lane and Bury AFC, with the other member being the private benefactors. The governance of The Bury Football Club Company Limited is determined by its Articles.

The intention is that the BFC Board membership will constitute: 4 Community Benefit Society members, 3 private benefactor members, a Board position will be available to the Council. In order to ensure that BFC remains fan controlled, the Council's position on the Board will be focussed on protecting the investment and discharging any legal obligations. It will not be the intention for this position to act against CBS member voting intentions, unless there is a clear obligation to do so.

Further detail on the proposed structure and governance proposal is included in Appendix 2.

The plan is for senior men's football to return to Gigg Lane for the start of the 23/24 season. The agreed objective is that the club will be called Bury FC. The FA are willing to work with parties to secure their approval to this name within that timescale.

## **5. The Business Plan for Gigg Lane**

A business plan has been prepared that demonstrates the sustainability of the Stadium under-pinned by income streams that are generated both through the football operations and other ancillary activities. At the time of writing, the plan continues to be finessed, but as an overview:

- The business plan assumes that senior men's football returns to Gigg Lane for the 23/24 season;
- The data supporting the 'football numbers' has been prepared utilising the experience of Bury AFC with input from the FSA;
- A range of community uses have been included as income streams, including the provision of a gym, community multi-use space and a 3G pitch;
- The 3G pitch is assumed to be available from August 2023. The proposals for a 3G pitch will greatly assist in terms of creating an additional income-stream for the Stadium and ensuring more active use of the Stadium outside of match-days. The installation financing of a 3G pitch is still to be finalised. The installation of an artificial pitch will enable Gigg Lane to meet the stated ambition of a facility that is open to the whole community;
- There will be a community gym open by October 2022 which will be operated by an experienced operator;

The business plan includes a commitment of £1m from private benefactors of which £730k has been invested to date. The balance of £270k will be invested if the merger discussions are successful and will be used as match funding, alongside the Bury Council funding, to release the balancing £300k of grant from the Community Ownership Fund; and

The business plan shows the stadium to be self-sustaining but there are several key assumptions underpinning the plan which could be subject to change or delays. The cash position could be boosted from existing reserves at Shakers Society (estimated to be circa £250k), subject to members' agreement. This is a reasonable level of headroom for the initial years – additional funding will be raised as the Club progresses up the football pyramid.

The funding request being made of the Council is for a grant funding award to cover the following items of expenditure:

The request for a £450k grant is to support capital expenditure which will contribute to works needed for the community use space, detailed above. The

£450k represents an unfunded gap in the business plan and relates to the following areas:

	£'000
Changing Rooms for community use	25
LED Floodlights	85
3G Pitch Contribution	75
Meditation/Sensory Room	25
Entrance Barrier & Fencing	15
Community Meeting Rooms (beyond the core multi use room)	100
Manchester Road End Outdoor Activity Centre	50
Library of Things	50
Tennis Court	25
	450

## 6. Community Use of the Facility

The Council agreed to invest up to £450k in Gigg Lane stadium on the basis that a business plan could be generated which demonstrates that genuine community benefit would be realised.

The various parties working on the future of Gigg Lane have agreed to an over-reaching vision for the future of the Stadium which recognises the potential for a forward-looking sports club to utilise its facility to bring real and lasting benefit to the community in its vicinity. The vision is long-term but contains many elements which can be implemented in relatively short-order. It is the shorter-term actions that the Council is prepared to provide financial support for.

The short-term priorities are to adapt the Stadium building, bring forward a community gym, deliver a new 3G pitch and create spaces for community benefit.

A key element of local benefit is the installation of the 3G pitch. Whilst the pitch will help the Club achieve income targets, there are times of the day when demand is lower when it can be used by the community for activities which promote improved local health outcomes. The installation of a community café in the Stadium will provide local jobs and opportunities as well as an amenity which the local population can benefit from.

The Club will also invest in an early stage in adapting the Stadium so that it can better host health, education and community use, including for example:

- Supporting provisions for children and young adults with additional needs (respite service, day activity centre, quiet space & sensory room);
- Hosting elderly groups, and Alzheimer group work – both gentle physical activity and memory work (Liaising with Sporting Memories Charity);
- Providing a community space to combat loneliness (through Clubs and groups);

- Hosting South-East Asian Women only exercise and Gym groups (Gym provision for this group was lost a few years ago in the local area);
- Providing conference facilities and meeting rooms for hire; and
- Allowing pitch hire for local community groups (this is already in place), including the provision of Soccer camps.

The Council is developing a wider strategic business case which incorporates a vision to improve Wellness across the Borough, delivered through a neighbourhood approach. It will accelerate activity in Radcliffe first, spreading to all neighbourhoods over time and will seek additional investment which will be put to community use with an ambition to reduce demand for more expensive statutory health and care services. A group, which will include community engagement, working on the longer-term vision for Gigg Lane will be formed once the initial focus on the business plan and merger has reached a conclusion and it would be appropriate for the ambitions around Wellness to be included in future plans for Gigg Lane.

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### **Links with the Corporate Priorities:**

1. The 'Let's Do It' strategy has a strong focus on community benefit and promoting health, fitness and economic participation in all of Bury's communities. The proposals to create a Stadium which provides effectively a 'hub' for the Bury East community is very much in line with the principles of the strategy.

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### **Equality Impact and Considerations:**

2. The Bury East community has a diverse population and suffers from high levels of deprivation. The previous owners of Gigg Lane did not make use of the facility to reach out and engage in their local community. This was both counter-productive for the club, as it meant that they were missing the opportunity to create a supporter-base in the heart of the neighbourhood from where they operated, and it represented a missed opportunity for a large facility to be used to provide genuine local community benefit.

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### **Environmental Impact and Considerations:**

3. The Gigg Lane Stadium is a large facility with a considerable amount of carbon embedded within the structure. The structures contain a lot of concrete and steel. The Club has the option, as it stabilises, to also consider other environmental investments, such as rain-water harvesting from the roof, and potentially the installation of solar to further enhance the environmental performance of the building.

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### **Assessment and Mitigation of Risk:**

Risk / opportunity	Mitigation
The timing of the Vote for mergers between the two Community Benefit societies. This must be completed in time for the Club to start playing football from August 2023. No specific dates have been identified.	There is no specific date identified as yet, with an aspiration to hold votes later in the summer of 2022.

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### Legal Implications:

The funding proposed is contingent on the satisfaction of the conditions as set out in this report.

The Council will issue a grant funding agreement on these conditions being met; any agreement will be accompanied by a detailed cost plan from the club which will be provided to the Council in advance of issuing the grant agreement.

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### Financial Implications:

Funding up to a maximum of £450k has previously been approved, subject to the achievement of certain conditions. This funding was set aside as part of the 2022/23 budget setting process and can be released once all of the conditions have been met and the signed grant funding agreement and detailed cost plan have been received. As the funding is identified against particular capital works to support community uses it is envisaged that the funding will be released as the funding is required rather than in one lump sum.

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### Appendices:

Appendix 1 – Glossary of Related Parties

Appendix 2 – Structure

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

Term	Meaning



## **Appendix 1 – Glossary of Related Parties**

- Bury Football Club Supporters Society (BFCSS) – Community Benefit Society, previously referred to as Forever Bury, who have worked with private benefactors to apply for a government grant, through the Community Ownership Fund, to acquire the Gigg Lane Stadium.
- Shakers Society – Community Benefit Society that have established Bury AFC who are currently playing at Stainton Park, Radcliffe.
- The Bury Football Club Company Limited – a Company Limited by guarantee established to acquire Gigg Lane Stadium.
- Bury Football Club 2019 Limited – the Company that is currently wholly owned by the Shakers Society, which owns Bury AFC.
- Bury FC Benefactors Ltd – the Company into which private benefactors have invested funds. Currently, Bury FC Benefactors Ltd are a member of The Bury Football Club Company Limited, alongside BFCSS.

## Appendix 2 - Structure

The proposed merger will take place within The Bury Football Club Company Limited, which will wholly own Bury Football Club (2019) Ltd (the football club) and Bury Stadium (the ground) as two separate subsidiaries (see diagram below). This is a company limited by guarantee, so there are no shares in this company, only members. There will be two members in this company, the Community Benefit Society (CBS) which hold the member supporter shares, and Bury FC Benefactors Ltd, which hold the privately held shares. As there are no shareholdings, the voting rights are dictated entirely by the Articles of Association, which make clear that the CBS board members will have the majority vote required to make all decisions within The Bury Football Club Company Limited, and consequently for the football club and the ground.

There are only three decisions which the CBS cannot make as they are prohibited within the Articles of Association:

1. The Bury Football Club Company Limited cannot take on debt. This does not prevent subsidiary businesses from using standard trading debt such as credit cards and overdrafts, but it does mean that significant debt into the holding company is not permitted. Advice has been received that this would not prevent the CBS from raising capital in future through community share issues.
2. No distributions can be made. This means that any profits or reserved capital must be reinvested into the club or ground.
3. A change to the Articles of Association themselves, which would require a 75% vote by members and consent of Bury FC Benefactors Ltd to change.

The above Articles are already in place.

Board members of The Bury Football Club Company Limited are required to vote in accordance with the wishes of the organisation they represent, not as individuals. This means that CBS board members can effectively approve any decisions either through a member vote which they would then implement, or as a decision of the CBS board where it is within their remit.

Bury FC Benefactors Ltd have agreed to put in place an investment policy which states that any surplus generated by further share dilution, which is expected to be the way in which further capital is created by this company, will be re-invested into The Bury Football Club Company Limited rather than retained within Bury FC Benefactors Ltd. They are also able to sell shares privately.

Should anyone wish to invest in The Bury Football Club Company Limited this must be done via the new CBS or Bury FC Benefactors Ltd under the proposed structure. It is possible to create a new 'member' of The Bury Football Club Company Limited but any change to voting rights would also require a change to the Articles of Association, which requires a 75% vote by members and consent of Bury FC Benefactors Ltd as stated above. This is a higher bar than is currently set with Bury AFC where share dilution or a full sale can happen with a 51% vote in favour, and creates more certainty around the future of the club as 'one member one vote' fan-owned.

All key appointments, policies and processes will therefore remain with the CBS board, however they may also change over time if the CBS board and/or its members wishes to do so.

The proposal is for the two current CBS' - Shakers Community Society Limited and Bury FC Supporters Society Limited – to merge into a new CBS. Anyone with a membership in both CBS' may vote in both CBS' motions.

The rules that the two CBS' operate under are almost identical but the new CBS will ultimately be run by a newly elected board. They will be elected by members of the new CBS.

This is a time-consuming process and there will potentially be a period where three CBS' could be in existence whilst the two current CBS' are wound down. Given there is a football club and ground to operate a transitional period is being discussed whereby existing CBS board members are able to oversee the transition until a new CBS is authorised by the FCA and a new board is elected.

