

<b>Classification:</b> Open	<b>Decision Type:</b> Non-Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 13 March 2024
<b>Subject:</b>	Gigg Lane Stadium	
<b>Report of</b>	Cabinet Member for Culture, Economy and Skills	

## Summary

1. The Cabinet approved an investment of up to £450k in the Gigg Lane Stadium at its meeting on the 13th of July 2022. At this meeting Cabinet agreed the following -

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.
2. The conditions set out above have not been met in full. This intention of this paper is to update the Cabinet, and to refresh the delegations. The reason for such an action is that there is a time pressure to secure a decision from the Council, the reason for which is outlined below.

## Recommendation(s)

3. That the Council restates its intention to invest £450k of funding to Bury FC. Note that this sum would contribute towards the cost of installing a 3G pitch at Gigg Lane.
4. The detailed terms of the commitment and consideration of whether to become a co-signatory of the lease 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 subject to the following conditions.

- The financial due-diligence demonstrates that the FSSB (the merged entity) represent a low-risk for an investment in a 3G pitch.
- That the FSSB complete the drawdown of their remaining grant funding from the Community Ownership fund administered by DLUCH
- That the Council must agree to the terms of the lease between FSSB and Bury FC and shall be a co-signatory of the lease.
- That within six months of signing a grant funding agreement a community engagement plan will be agreed between the Council and the FSSB.

### **Reasons for recommendation(s)**

5. The Council has strongly supported the merger of the two football societies. This is because it represents the only realistic route back to securing football league fixtures and to secure the associated economic benefit realised by hosting regular fixtures, often with more than 3,000 spectators.
6. It is important that Gigg Lane is a financially sustainable facility. It is a large stadium (especially for non-league football) with not insignificant costs associated with its upkeep. Meeting this cost burden is best achieved through active use of the Stadium outside of matchdays. It is possible to create significant new income streams through the installation of a 3G pitch, which so long it is of a specific standard, is allowed at Step 9 of the football pyramid (Bury's current position is in the Northwest Counties Football League) and leagues above.
7. There are strong economic benefits for the Borough associated with guaranteeing the future of the Gigg Lane facility and there are also additional benefits in providing floodlit 3G sports facilities in the Borough. The Council see this as an opportunity to develop a pioneering approach to working with a fan owned football club to develop real and meaningful community benefit.
8. For the Club it builds goodwill that will eventually translate into new supporters. Our ambition for Bury is to develop an exemplar of how a fan-owned club can drive real social benefit.
9. To achieve this objective, we will agree a comprehensive community engagement plan. This will be a multi-year endeavour. We are working with the Club on the final shape of the document and would intend to sign the agreement within three months of the Cabinet approval.
10. The following activities are indicative of what will be in the final document:
  - Proposals for concessionary use of the pitch by community groups;
  - The use of the venue to run motivational programmes targeted at young people not in work or education;

- Public health activities to encourage fitness and health, particularly in the local community;
  - Activities which help with tackling issues of isolation or loneliness in older cohorts;
  - An agreement to provide free tickets for matches on a to be agreed basis to groups such as care leavers, looked after children as well as local school children.
11. To oversee the delivery of a community benefit plan, it is proposed that the following governance arrangements are put in place:
- The establishment of a quarterly Community Board meeting, to involve key Council staff as well as representatives of the Bury VCFA and others on an ad-hoc basis;
  - The placement of a Bury Council representative on the Board of the merged community society (which manages the Stadium) to oversee the implementation of the plan;
  - An annual refresh of the community development plan

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

12. The Council has the option to 'do nothing'. This would mean the installation of the 3G pitch would likely not proceed. It would prove difficult for the Stadium to be developed without the income stream generated from a for-hire pitch. It also allows for a much-enhanced community engagement plan, as without the 3G pitch it would be difficult to meaningfully utilise the facility.

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#### **Background**

13. This paper is a refresh of the approval granted by Cabinet in July 2022. Since that time, it has become clear not all conditions for release of the funding have been met. It is also apparent that the Council will need to exercise a degree of control relating to the issuing of a lease, this is an issue which has arisen after the July 2022 council approval.
14. The Stadium was originally purchased by a combination of the Bury Football Supporters Society and a group of private individuals, the Founders. The public funding was provided by DLUHC (Department of Levelling Up, Communities and Housing) through a community ownership funding grant.

15. Following the award of the community ownership grant an immediate challenge materialised, Bury Football Supporters Society owned the stadium, and a separate group, the Shakers Community Society, operated a football club, AFC Bury. The club had been established following the demise of Bury FC. They secured a position in the football pyramid and successfully established a football infrastructure from scratch. AFC Bury put in place a ground sharing agreement with Radcliffe FC to enable them to fulfil home fixtures.
16. In October 2022 the two societies fell short of the two-thirds majority required for a merger to proceed. This raised a possibility of an untenable position, with the possibility Bury Football Supporters Society might seek to establish their own separate football club in Bury. It is the view of most observers that the town cannot support two clubs, and a split fan base would mean no realistic prospect of a return to the football league.
17. The Council held a line that a merger was a prerequisite for a Council investment. The logic of this position is that the stadium would not warrant saving unless there is a single 'senior' football club playing as an anchor which enables additional community activity.
18. On the 5<sup>th</sup> of May 2023 the two societies voted to merge. The Football Supporters Society of Bury (the FSSB) were established and shortly thereafter had elections to the new Board. It should be noted whilst the societies merged the FSSB and the Bury FC football operation remain separate entities.
19. The successful merger allowed Bury FC (the name change from AFC was a part of the merger agreement) to open the 2023/24 season with a home fixture at Gigg Lane on the 29<sup>th</sup> of July 2023. Following the return to Gigg Lane crowd numbers have remained buoyant and the club look well positioning for a further promotion.
20. The FSSB have now approached the Council seeking to draw-down the £450k and match it to the remaining DLUCH tranche of funding, which is yet to be drawn, to install a 3G playing pitch at Gigg Lane. There is a very tight timescale for the installation of the pitch, as it will require the pitch to be installed and laid after the final home fixture of this season and ahead of the first home fixture of the 2024/25 season.
21. The Council is supportive of the installation of a 3G pitch at the Stadium, as it will have multiple sports, leisure and community benefits. It is recognised that if the timescale is not hit for the start of the 2024/25 season it will push back the installation by a year, denying the FSSB valuable income.

22. However, some of the key issues from the previous delegated approval have not been completed and there remain some challenging issues to resolve. The Council want to give the Club the opportunity to draw down the funding in time for the installation of the pitch and note some key decisions must be resolved for this to be possible.

23. These issues are:

- The Benefactors have indicated they will not make their final committed investment into the FSSB. This will leave the business plan with a potential funding gap. It needs to be established if the failure to secure this investment is material to the risk of part-funding the installation of a 3G pitch.
- The Council has received financial documentation from the FSSB. This needs to be examined to ensure that the organisation is sufficiently financially robust to enable the Council to be assured the 3G facility will be operational longer-term.
- The FSSB intends to offer a lease to Bury FC for its occupation of the Stadium. The lease will allow the football club to retain ticket receipts to fund its football operation and gives the Council assurance that a long-term tenant is in place to assure both ongoing use of the facility and funding to provide for upkeep of the Stadium.
- The issuance of the lease by the FSSB to Bury FC is key to unlocking the final tranche of funding from DLUCH. The department will want assurance that the Stadium will be used in line with the objective of the community ownership fund. To this end the Council will consider whether it shall agree to be a co-signatory of the lease, ensuring the society nor any of its subsidiaries could reassign or change the terms of the lease without council approval. A lease would also provide step-in rights for the Council if the business should fail.
- The Council will want to co-produce a community development strategy for the Gigg Lane facility and will, within six months of signing the funding agreement, shall expect the production of an agreed and joint strategy.

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

24. The aspirations to develop a comprehensive community plan is central to the objectives of 'Let's Do It'. This will promote the stadium as a facility central to the community which lives around Gigg Lane, which itself contains pockets of deprivation. The community activity described above has a strong fit to health, community engagement and training and development delivered in a neighbourhood.

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

25. 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:**

26. 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.
27. Gigg Lane is also located within walking distance of the town centre. This means there is access to the Metrolink for supporters, which should reduce the number of car journeys. The stadium is also closely connected to the main north-south bus corridor. This contrasts to some of the out-of-town Stadiums constructed over the last 20-years which are often entirely car dependent.

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

<b>Risk / opportunity</b>	<b>Mitigation</b>
	The £450k grant is recommended under a number of conditions as set out in the report to safeguard the financial arrangements.

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### **Legal Implications:**

28. This report sets out the decision made by Cabinet in July 2022 wherein it was agreed to provide capital funding on the basis that several conditions were met. This report for consideration by Cabinet details that these conditions have not been met in full and the reasons for this. If Members are minded to agree to the release of the capital this would be on the basis of revised conditions being met. These revised conditions include a financial due diligence review of the pitch proposal, the final draw down of Government funding, lease arrangements and a community engagement plan. Legal advice and support will be provided to include a grant agreement.

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### **Financial Implications:**

29. The Capital programme includes £450,000 which has been set aside in the to fund the works.

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**Appendices:**

None.

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**Background papers:**

Cabinet report: July 2022 -

<https://councildecisions.bury.gov.uk/documents/s32188/Council%20investment%20in%20Gigg%20Lane%20Stadium.pdf>

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

<b>Term</b>	<b>Meaning</b>
FSSB	Football Supporters' Society of Bury
DLUCH	Department for Levelling Up, Housing and Communities
Bury FC	Bury Football Club