

Agenda Item 4

For decision – Update on football club project and proposal to exercise the Council’s option to acquire the Badger’s Hill stadium

Author: Peter Wheelhouse, Economic Development & Regeneration Manager & Deputy Town Clerk

Summary

This report provides an update on the Council’s work to protect Badger’s Hill football stadium as a community asset. There follows a summary of progress to deliver the various actions identified in the Council Plan with a Red/Amber/Green status update for each. Green indicates that the project is going ahead without issues, amber indicates that there are impacts on delivery or timeline, and red indicates a significant obstacle threatening delivery.

It is also recommended that the Council exercises its option to acquire the freehold of Badger’s Hill stadium for £1 before the deadline in July 2023, grant a lease to the Frome Town Community Benefit Society and incur expenditure to assist both FTC and the CBS to complete the transaction.

Progress review for protect Community Assets – Frome Town Football Club:

Project	Update	Status
Secure debt redemption and charge with possible ownership of land and ground as first step	On 15 July 2022, FTC paid off the Goldchevron loan and entered into an option agreement with the owner of the ground, Frome Town Holdings Limited and the Club, Frome Town AFC Ltd. The Council averted the potential of repossession and secured a first legal charge on the ground. It has the right to acquire the ground for £1 provided that the option is exercised by July 2023.	
Ensure town is aware of possible problems and advantages of approach through press statements and continuing engagement	Our involvement was shared widely with the community through all channels. But there is more to be done by the CBS	
Set up Football Club Panel internal to council and then wider involvement to start campaign for community owned club	Councillors, staff, representatives of the Club and Football Supporters Association met to explore the potential for community ownership. On 3 October, a public meeting was held at the ground attended by 120 people to share progress and discuss next steps. A large majority supported the establishment of a Community Benefit Society (CBS) to protect the long-term future of the ground and ultimately to enable local “one person one vote” control of the Club.	
Visit examples of community owned clubs and identify lessons	Lewes and Peacehaven were visited earlier this year and there has been desk top research too. The lessons learned were fed into planning for the CBS.	
Work with the club to develop a new strategy	A working group bringing together the Club, FTC and external advisors met in August and September 2022 to complete a financial review of the Club and recommendations were made to the company’s Board around ways to strengthen its financial position. This is work in progress.	
Agree the approach to community club and if necessary, start a share issue campaign. Ensure maximum public engagement and generate excitement across the town and in the immediate area	FTC facilitated project work involving community stakeholders to consider governance issues, facilities and funding and community engagement. A CBS has now been formed and Board members have been recruited to an interim Board. As agreed by councillors on 18 January, we’re paying for the services of a consultant, Johannes Moeller to help the CBS become established and raise funding. It is now down to the CBS to generate the excitement that we hoped for.	
Develop a plan for delivering new facilities that can be enjoyed by both the club and the wider community	A bid for Community Ownership Fund funding has been submitted by the CBS, supported by the FTC team, to enable urgent repairs to be made to buildings and	

	the installation of new changing rooms and meeting rooms/classrooms to be enjoyed by the Club and wider community	
Ensure that we see a return on our investment to enable us to invest and/or support other valuable community assets	This report proposes that FTC enters into a repairing lease with the newly formed CBS with rent payable – see below for details.	

1. Next steps

Having enabled the establishment of the CBS, the Council now needs to consider what further action needs to be taken to protect the community asset. The most secure way of protecting the asset is to exercise FTC's option to acquire the freehold of Badger's Hill as soon as possible and ensure that arrangements are in place for the repair of the facilities. Our due diligence through commissioned surveys and risk assessments has shown that not only are there pressing health and safety issues to address but also dilapidation and energy efficiency issues that will impact on occupation within the next 1 – 3 years. Granting a repairing lease to the CBS and enabling external funding to be drawn down are other key elements of the strategy.

Already, the Deputy Town Clerk has worked closely with Johannes Moeller as our consultant to prepare a bid for funding to the Government's Community Ownership Fund. Support has been provided by Mel Usher, Lisa Merryweather, other FTC team members, Ruth Knagg, the football club, interim board members of the CBS and the Football Supporters Association. The bid has been submitted in the name of the CBS. A bid to the Football Foundation will follow.

If successful, the bids will enable not only the next stage in community ownership in that the CBS will secure revenue funding to support its development but also capital funding to enable it to take responsibility for the repair of the ground's facilities to benefit both the football club and the wider community. The plan is not only to repair key buildings but also to deliver new multi-use facilities. Further information will be provided at the meeting.

For the Government to say yes, they need to know that the CBS has long term security of tenure in the form of a lease and that FTC will support its business plan by charging a rent that is affordable to the CBS.

2. What would we want from the CBS?

As well as a commitment to paying rent that will enable FTC to start generating a return on its investment to date (£400k) and start to address the repair issues, it is recommended that we should also task the CBS with creating an asset which means something to the wider community as well as the football teams that use the ground. This should not be too difficult to achieve. It is clear from our discussions to date with the founding members that they will entertain all three objectives. The next step is to finalise the details.

3. What would be the terms on which we would grant a lease?

It is recommended that the Council enters into a 25-year lease with suitable breaks. This would provide the long-term security that the CBS needs to raise funding. In terms of rent, this should not be a market rental at this stage – that would not be affordable. Also, a discounted rent needs to be offered to provide match funding to secure the grant aid that has been bid for.

It is suggested that £8k per annum might be reasonably afforded by the CBS in years 1 and 2, rising incrementally to £17k per annum by year 5 (rent reviews to be scheduled into the lease). FTC's existing savings account interest rates would return approximately £10k pa currently and £16k pa in an investment account so the rent offered is considered both supportive to CBS and fair to the public purse.

It is recommended that authority is delegated to the Deputy Town Clerk in consultation with the Business Manager to conclude negotiations.

4. What would be our long-term commitment?

Other than owning the freehold and being the CBS' landlord, FTC's active involvement in this project is likely to diminish over time. However, over the next 12 months it will require a continued and substantial commitment in terms of staff and councillor time to support the CBS in becoming a well-managed and fully functioning organisation.

5. What are the risks?

Whilst encouragement has been given for the COF bid to be submitted, there is no guarantee that it will be successful. It is possible that the CBS could consider a community share issue and an application to the Power to Change Community Shares Booster Fund to cover the cost of essential repairs. But if none of these prove fruitful, the Council may be faced with some hard decisions in the future. As owner of the ground, it would have a duty to ensure that the ground is safe and kept in a reasonable condition whether maintained open or secured closed.

6. What are the practical steps to be taken?

To enable the Council to exercise its option, we will need to commission the legal work needed to complete the transaction and prepare a lease for the CBS. Councillors agreed to the expenditure needed for this at their meeting on 18 January.

We will also need to insure the ground. Our insurer has confirmed that the premium will be £2,414.

The CBS is without funds and will need to instruct a lawyer to act for it in this transaction as well as other start-up costs. It is recommended that FTC agrees to a loan of up to £5,000 for this purpose.

It is proposed that this additional expenditure of £7,414 is taken from the Saxonvale EMR, currently at £60k.

Recommendations

That councillors:

1. Agree to exercise the Council's option to acquire the freehold of the Badger's Hill football stadium for £1 before 1 July 2023 and instruct a lawyer to complete the necessary documentation
2. Agree to a 25-year lease to be granted to Frome Town Community Benefit Society with a minimum rent payable in Years 1 and 2 that would be similar to interest earned on £400k in the bank and a step up in subsequent years
3. Agree to delegate authority to the Deputy Town Clerk in consultation with the Business Manager to conclude lease negotiations with Frome Town Community Benefit Society
4. Agree to a loan to Frome Town Community Benefit Society of up to £5k for start-up costs including legal services to be funded from the Saxonvale EMR
5. Agree to payment of the insurance premium of £2414 to be funded from the Saxonvale EMR