

Agenda item 3

For decision – whether to lease (with ‘an option to buy’) Badgers Hill to a private operator
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Summary

The main purpose of this report is to set out proposals from a private operator to lease Badgers Hill stadium from Frome Town Council (FTC) and enter into an option to purchase the ground.

To assist with decision making, the report summarises:

- the background
- the deal negotiated and the benefits and risks associated with this option
- representations received so far from various stakeholder groups and individuals (an update will be provided at the meeting as the deadline for responses is 3 June)
- the alternatives and the benefits/risks associated with those
- the criteria on which a decision might be based

Local stakeholder groups have been invited to send a representative to speak at the meeting and there will be a discussion held in public before councillors consider the matter in private session.

1. Background

Councillors and the community will be aware that in 2022, FTC paid off substantial debts owed by Frome Town Holdings (the former owner of Badgers Hill stadium) to remove the threat of imminent repossession. This saved the football ground and enabled football to continue to be played there.

The loan repayment and legal and other professional costs totalled £377k and were funded from the Saxonvale Legacy EMR and FTC’s reserves. In return, FTC secured an option to acquire the stadium for the community for £1. In 2023, that option was exercised recognising the value and potential of the site to the local community. At the same time, FTC worked with the national Football Supporters Association (FSA) and others locally to establish the Frome Town Community Benefit Society (the CBS) to manage the stadium and develop Badgers Hill stadium as a community-owned asset.

At its inception, the CBS developed a business plan focused on improving the facilities at Badgers Hill for both football and the wider community and developing diverse revenue streams to build sustainability. Amongst other things, the CBS provided an ideal mechanism for raising grant funding for essential repairs and improvements. FTC worked with Frome Town AFC, the CBS and the FSA to secure grants from the Community Ownership Fund and the Premier League Stadium Fund totalling £514,114 to enable essential repairs and improvements including a new roof and heating system for the Clubhouse and new changing rooms. FTC provided match funding in the form of a discounted rent arrangement with the

CBS in order to lever in grant funding from the Government's Community Ownership Fund. The rent agreed was £8k (+ VAT) p.a. in 24/25 and 25/26, £12k (+ VAT) p.a. in 26/27 and £15k (+ VAT) thereafter subject to 5 yearly rent reviews. The community benefit associated with this project was a key consideration in agreeing to the discounted rent. The construction project is virtually complete.

The period between February and December 2024 was a volatile period for the CBS characterised by high Board turnover, lack of governance and financial management resulting in increasing debts by the end of the year, declining community use of the Clubhouse and failing relationships with the football community outside of Frome Town AFC. Since the AGM in December, the new Board has introduced new governance and operational procedures and has succeeded in reducing the debt. Relationships with Frome Town Women and Frome Town United have improved.

However, the current financial arrangements are not sustainable and all stakeholders consider that change is needed. Both the CBS and Frome Town AFC suffer from a lack of centralised cost, revenue and vision. The CBS doesn't receive a rent from the football clubs and doesn't benefit from the revenue generated by football other than bar income on matchdays. But it has to cover the full cost of stadium and pitch maintenance and utility usage. At the same time, the football club does not benefit from the revenue generated by the Clubhouse.

A private operator, introduced by Frome Town AFC, has come forward with a proposal to takeover both the football club and the stadium with a view to improving operational efficiency and unlocking new revenue opportunities. At a Council meeting on 30 April, councillors discussed this proposal in private. This was preceded by representations by some local stakeholders but not all of the Badgers Hill stakeholders had an opportunity to share their views. Therefore, councillors decided against a final decision at that meeting and agreed to bring it back to a future meeting.

Since then and in response to a call for representations from the community (as required by the Local Government Act 1972), the CBS has come forward with a similar plan to centralise cost and revenue, the difference being that they propose a community-led business model that proposes a shared, collaborative approach to managing Badgers Hill. This concept is examined further alongside the proposals of the private operator to assist with decision making.

2. Proposals of a private operator

A summary of the proposals has been submitted by a private operator and is attached to this report as [Appendix 3.1 and can be viewed on the website here](#). They are presented following lengthy negotiations that have now reached a conclusion.

Main heads of terms

- A 23-year full repairing lease (the balance of the term of the current lease held by the Frome Town Community Benefit Society (CBS) at £23k per annum paid quarterly in arrears
- 5 yearly rent reviews subject to the Retail Price Index or any replacement index

- Ongoing use of the stadium for sporting and ancillary community uses. In the context of the lease, equality of opportunity for men, women and youth to play football at Badgers Hill stadium with details to be set out in accompanying Management Agreements to be completed at the same time as the lease.
- The lessee will have the right to assign the lease subject to FTC's approval and right of first refusal
- A mutual break clause without cause subject to a 1-year notice period
- An option to purchase the stadium at any point in the lease term subject to all terms of the lease having been complied with at the time of triggering the option. The purchase price to be agreed between the parties having regard to Market Value of the Property with vacant possession and be determined by a jointly appointed independent RICS registered valuer.
- Should the private operator exercise their option, FTC will have the right to recover additional receipts under an overage provision that would be triggered in the event of any subsequent sale, agreement to lease, grant of a lease, grant of an equitable interest in the property, grant of shares in the purchasing company or a change in the control of the purchasing company. In such circumstances, the Council will share in the profit from any uplift in the value of the stadium on a sliding scale over time.
- Termination of the lease held by the CBS

The private operator proposes to control both the stadium and Frome Town AFC. We have been told by the operator that the current directors of Frome Town AFC will remain.

Private operator proposals - Benefits and risk analysis

Benefits	Risks
With regard to community benefits, the prospective lessee states they aim to build community partnerships and enable local organisations to use the site. The prescribed use under the lease will be football ground with sporting and ancillary community uses. The operator's proposal in Appendix 3.1 makes it clear that Management Agreements will be in place to enable both the Frome Town United Under 18s and Frome Town Women FC to play at Badgers Hill at no cost. The business plan refers to youth development programmes, scholarships and financial assistance for talented young players and engagement with local schools. This is relevant from the point of view of the Council's strategic priority to ensure that there are open spaces that support community wellbeing through play and physical activity for people of all ages	<p>The Management Agreements are for 1 year from July 2025. These agreements don't guarantee that Frome Town Women and Frome Town United will be able to play for the entire term of the 23-year lease. There is no delivery plan relating to youth development and so it is unclear who this will benefit.</p> <p>In general, neither FTC nor the community will have any control over the management of the stadium other than the prescribed uses identified in the lease. There will also be no influence over appointment of directors.</p>

FTC would start to receive rent after Q1 (the Council receives none at present due to the financial situation of the CBS)	The private operator has indicated that they will not pick up any of the CBS debts. FTC may come under pressure to meet them. In any case, with the CBS lease due to be terminated under this model, FTC may be expected to meet any remaining costs of the repair and improvement project that are not covered by grant (figure TBC)
With the stadium and Club managed by one body, there are operational efficiencies to be gained. It is also anticipated that a centralised purpose and vision will ensure greater collaboration and successful outcomes.	Lack of success on the pitch may impact on the financial sustainability of the whole operation and may lead to the private operator withdrawing from the venture if things don't go well
If the option to purchase is exercised, a capital receipt would be received that could be ploughed into other capital projects in the community – it is expected that this would be in excess of the £440k that FTC is estimated to spend should the deal be completed	We don't know for certain whether this will happen or when

What costs has FTC incurred in taking legal/valuation advice to date?

Item	Cost (ex VAT)
Valuation advice (Carter Jonas)	£4,500
Negotiation agency on the Heads of Terms	£9,000
Legal advice (Chubb Bulleid)	£4,000
Expert opinion on best value (Bevan Brittan)	£4,000
	Total £21,500

These costs have been funded from the General Reserve and would be replenished by the rental income from the tenant should FTC proceed.

What costs will FTC incur if the Council proceeds?

Item	Estimated Cost (ex VAT)
Due diligence on new company and liaison with solicitor (Carter Jonas)	£2,500
Legal advice (Chubb Bulleid)	£5,000 quoted for lease
	Total: £7,500

These costs would be funded from General Reserve and would be replenished by the rental income from the new tenant.

3. Representations from local stakeholders and individuals

We received legal advice that under s.123(2A) of the Local Government Act 1972, the disposal of open space land (which the pitch at Badgers Hill stadium represents) requires public notification and the consideration of any representations received. A notice was published in the Frome Times and on the Council's website on 22 May inviting representations by 3 June 2025.

Representations have been received from 57 parties so far (one week into the two week notice period), 54 in favour of the lease to the private operator and 3 against. A sentiment analysis is presented in [Appendix 3.2 which can be viewed on the website here](#).

An update will be provided at the meeting.

4. Alternative approaches

a) Community-led business model

It is understood that as an alternative to the proposal from the private operator, the CBS are promoting a community led-business model. Their idea includes elements of a Federated Community Model that enables multiple football organisations and community groups to co-govern and co-invest in the site and a Community Benefit Society Model that re-purposes the ground as a multi-use civic hub. The core principles that they are promoting include:

- **Shared governance** – through either the current CBS or a new entity e.g. a Frome Town Sports & Community Trust made up of federated members including Frome Town AFC, Frome Town United, Frome Town Women FC and potentially others e.g. local schools, disability sports groups etc.
- **Financial autonomy and shared responsibility** – the central entity would assume control of the economic rights over the site, centralising cost and revenue as is the plan of the private operator. Each football team would receive an equitable budget. The teams would take responsibility for their own operations with the central entity taking responsibility for managing the facility.
- **Equitable access** – each group would be licensed to use the site
- **Transparent operations** – open books, annual meetings and reporting cycles to keep stakeholders informed and involved and any external funding pursued by the entity as a whole and subject to public scrutiny and shared benefit

CBS model - – Benefits & Risk Analysis

Benefits	Risks
Financial and operational risks would be spread across multiple users	It is unclear what the cost to FTC would be of this model
The structure promotes sound financial management and long-term sustainability –	

one of the Council's objectives (as set out in the 2025/26 Work Programme) is to ensure that FTC's assets are well managed and financially stable	
The model is inclusive enabling cross-community collaboration and co-governance	Requires cooperation from all stakeholder groups to maximise community benefit. Frome Town AFC's attitude towards the CBS and the running of the site would need to change to become more collaborative and supportive of the new model. It is thought to be a difficult change for the club to make.
A collaborative, community-first model would attract grant funding – amongst other things, it could attract substantial Football Foundation funding. This would meet one of the Council's strategic priorities which is to support well-run and thriving community groups, with access to funding and other forms of support	
Revenue from diverse sources would support low-cost access for grassroots teams	This could potentially be at the expense of Frome Town AFC that depends on the control of gate and sponsorship revenue to sustain a Step 4 football team unless they can raise more funds from sponsorship

It should be noted that the CBS model may not be the only community-led business model that could be considered.

b) Sale of the asset

To address the unsustainability of the status quo, FTC could consider putting the freehold of the stadium on the market. The benefits and risks of this are analysed below.

Benefits	Risks
FTC is likely to recover its costs should a buyer be found	According to the Council's valuer, the market for football stadia is currently limited but the market has not been tested.
There would no longer be any revenue cost to FTC	
	A sale may affect the ability of Frome Town AFC and other football teams to continue to play at Badgers Hill
	The opportunity to operate Badgers Hill as a community asset would be foregone

5. What might be the key decision-making criteria?

In arriving at a decision, it is recommended that councillors consider:

- a) **Strategic fit** - Does this proposal fit with the Council's objectives for Badgers Hill which are set out in the 2025/26 Work Programme and are 'To ensure that Badgers Hill Stadium is safe, financially secure and provides activities, including football, that can be enjoyed by the wider community'?
- b) **Safeguarding of FTC's interests as landlord** - Are the interests of FTC as landlord adequately safeguarded and risks managed through the Heads of Terms?
- c) **Will the Council meet its best consideration obligations in law in agreeing to the reduced rent in the lease to the private operator?** – Section 127 of the Local Government Act 1972 grants the Council the power to dispose of land "in any manner they wish", provided that 'best consideration' is obtained, for any interest for a term exceeding 7 years (or an assignment which still has more than 7 years to run). The proposal is to lease the site at below market value (an 'undervalue'). The Council's appointed valuer, Carter Jonas assessed the market rent at £32k per annum whereas the proposal is to lease at £23k per annum. The advice that we have received from our legal advisers, Bevan Brittan is that where the Council considers it will further the promotion or improvement of economic, social or environmental well-being of the whole or any part of its area, or of all or any persons resident or present in its area, it may utilise the General Consent 2003 of the Secretary of State to dispose of the land at an undervalue. This is supported by Circular 06/2003.

Councillors will need to make a judgement as to whether there are sufficient obligations or commitment from, the private operator to preserve and maintain community and social benefit, to retain football at the Sportsground, and to make the Clubhouse available as a community resource, to contribute to the Council's economic, social and/or environmental well-being objectives. In doing so, councillors will need to consider the benefits/risk analyses above and the representations made to come to a conclusion.

- d) **Foregoing alternative models** – Are councillors willing to forego the opportunity to pursue alternative models including a community-led business model or potential sale of the site on the open market?