

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Bury Town Football Club Clubhouse Investment	
Report No:	CAB/SE/16/020	
Report to and date:	Cabinet	24 May 2016
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Purpose of report:	To seek Members' approval to invest £50,000 in the Council owned Ram Meadow site in Bury St Edmunds, currently leased to Bury Town Football Club, to support the club in upgrading facilities that are in a very poor state of repair. Subject to that investment, Bury Town Football Club will be granted a new 5 year lease on the site at a revised rent to reflect the upgraded facilities.	
Recommendations:	It is <u>RECOMMENDED</u> that: (1) subject to planning permission, an investment of £50,000 be made into the Ram Meadow site, Bury St Edmunds to enable Bury Town Football Club to progress the building of a new clubhouse; (2) Cabinet agrees to transfer (vire) £50,000 from the allocated Capital Programme for the Bury Community Football project to fund this investment, as outlined in Section 2.6 of Report No: CAB/SE/16/020 ; and	

	(3) the £50,000 investment is made via a capital grant to Bury Town Football Club and is subject to the agreement of a new 5 year lease (with a 3 year break clause) on the site with a revised annual rent of £6,800, as outlined in Sections 2.1 and 2.2 of Report No: CAB/SE/16/020.
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
<i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.</i>	
Consultation:	Consultation has taken place between the Council and Bury Town Football Club. Ward Councillors have also been informed of the request. The Suffolk Football Association has also been consulted on the issue. All are supportive of this investment. There has been dialogue with Suffolk County Council External Funding team to see if alternative funding sources could be identified.
Alternative option(s):	If the investment is not made, the Club is unable to meet the shortfall in funding through other routes due to the lease situation. The clubhouse is in such a state that repair is not economically viable, and the Club cannot operate without a clubhouse due to league requirements. This could threaten the future of the Club.
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • An investment of £50,000. As detailed in the report.
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The Club's current lease is being held over as the Council will only issue a new 5 year lease as the site is identified in Bury St Edmund's Vision 2031 Local Plan. The absence of a current lease of at least 10 years means the Club cannot apply for alternative external funding. 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Risk: The Club is unable to make its rent repayments resulting in financial loss to the Council	High	Full financial assessment completed; Completion of the new club build makes it more attractive to sponsors and private hire for events	Medium
The costs/timescale associated with the project overrun and it is not deliverable for the new football season	Medium	Planning Application has been made by architects on behalf of BTFC and SEBC has an officer allocated to the application. A project manager has been appointed and local contractors and volunteers.	Low
Opportunity: the development of the ground facility encourages more people to participate in sport	Medium	Develop ground as part of an integrated approach to sports provision across Bury St Edmunds	Medium
Ward(s) affected:		Eastgate ward	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Cabinet Report No: B258 Bury St Edmunds Community Football Project (Nov10/02) Transfer of Land to Moreton Hall Cabinet Decision: 24 March 2015	
Documents attached:		None	

1. Key issues and reasons for recommendations

1.1 Background to the Bury Community Football Project

- 1.1.1 In 2008, St Edmundsbury Borough Council set aside capital funding of up to £1million to further its aspiration to set up a community football project in Bury St Edmunds. This included the relocation of Bury Town Football Club (BTFC) from Ram Meadow to a site set aside for recreational use at Moreton Hall. The Cabinet confirmed its commitment to the project.
- 1.1.2 The project progressed but in 2014 the Football Association (FA) withdrew its funding meaning the relocation of Bury Town Football Club to Moreton Hall was no longer financially viable.
- 1.1.3 The leisure facility at Moreton Hall continued to be developed and in March 2015 Cabinet agreed to the transfer of land to Suffolk County Council for a new High School together with a capital contribution of £1.3 million towards a shared community sports provision. That contribution included £813,000 of the remaining St Edmundsbury Borough Council (SEBC) capital allocation for the Community Football project.
- 1.1.4 As a result, once the contribution to the Moreton Hall facility is made, £150,000 will remain in the Capital Programme for "Bury Community Football Project". (Note the balance of monies from the initial allocation of £1million was used for feasibility work).

1.2 Bury Town Football Club lease and clubhouse

- 1.2.1 BTFC has over 40 teams affiliated to it with over 300 people participating in football once a week. The Club is supported by over 100 volunteers.
- 1.2.2 The Club leases its ground at Ram Meadow from the Council. The lease was granted in 1978 for 28 years. Since the end of that term the lease has been 'held over' annually. BTFC have asked for a new lease on the site, but the site is identified for mixed use development in Bury St Edmund's Vision 2031 Local Plan. (BV11). As a result the Council would not want to issue a lease for more than 5 years, and any new lease would have to include a break clause. The absence of a current lease of at least 10 years means the Club are unable to apply for alternative external funding, for example from Suffolk FA.
- 1.2.3 The clubhouse on the site is a pre-fabricated building that was designed as an Officers Mess in approximately 1930 and is in a very poor state of repair. Council surveyors reported in 2002 that the clubhouse then was wholly inappropriate for its use. The construction offered negligible insulation value and there were extensive building defects. Since that inspection some repairs have been made to the clubhouse, but significant investment was not made as the club was preparing for a move to a new facility.

1.2.4 An inspection by Council surveyors earlier this year identified that the clubhouse was in significant state of disrepair and the costs of improvement were uneconomic. Since that report BTFC have been considering options for the clubhouse as such a facility on the site is essential to meet FA league requirements, to generate income for BTFC and maintain and increase its presence in the sporting community.

1.3 Current Proposal from BTFC

1.3.1 Having evaluated a number of options including a temporary structure on the site, BTFC want to demolish and rebuild part of the existing building and have produced a design and business case for the work with support from a local firm of architects. The total project cost will come to just over £100,000 and BTFC is asking St Edmundsbury Borough Council to support them, via an investment, with half of these costs totalling £50,000. The club has letters of commitment for sponsorship totalling £50,000 from local businesses to meet the remainder of the costs of the build.

1.3.2 The design for the clubhouse has been prepared and costed by Rees Pryer architects and BTFC have appointed a local company to manage the project on the Club's behalf. A planning application has been made to the Council as Local Planning Authority to demolish and rebuild the clubhouse. Any investment by the Council will be subject to a successful planning application.

1.3.3 BTFC know that this is still a short term option as they understand they will move from the site when it comes forward for development. However they believe that making this investment will strengthen the Club, make it more attractive to investors and ultimately enable them to contribute financially to a future move. The business case associated with the work assumes increased income due to a new clubhouse.

1.3.4 In addition it is hoped that the improved facilities will make the Club more attractive to people who want to get involved in sport and be a positive step in creating a community hub model.

1.3.5 Supporting sporting activities contributes towards the Council's priority of resilient families and communities that are healthy and active.

2. Case for investment

2.1 Since the lease was granted in 1978, the Council has not made any investment in the ground. Some schemes have been explored but they did not progress. The rent that the Club pays has not been reviewed in this period. There is an opportunity for the Council to make an investment of £50,000 into the Club and agree with the Club a new 5 year lease generating an income of £6,800 per annum. The additional £6,000 per annum represents a return of 12%pa for the Council and will reflect the upgraded facilities on the site. At the end of the 5 year lease the Council will also own the asset.

- 2.2 The lease will include a break clause that will allow the Council to terminate the contract after 3 years, providing the Club with 9 months notice of termination.
- 2.3 The Club has prepared a business case and plan that shows how they can meet the higher rent payments. The business case and accounts information has been examined by the Council's Service Manager (Internal Audit). This business plan does make some assumptions around increased income from hiring and also shows that the Club relies on sponsorship each year to balance its books (32% of income). Were the Club to lose any sponsors this would put significant pressure on the Club; equally new sponsors could be found that increase income to the Club. Some sponsors have agreed to a longer term deal and the Club is active in finding and retaining sponsors.
- 2.4 Additional ground works are required at the Club such as the replacement of floodlights. The Club is exploring alternative funding sources for this work and is not requesting support from the Council for this work.
- 2.5 Letters of commitment for the specific sponsorship for this project have been shared with the Council.
- 2.6 After the agreed contribution to the Moreton Hall Leisure Centre project, there is a balance of money (£150,000) allocated to the Bury Community Football Project in the Capital Programme. For transparency, a virement of £50,000 can be made to allocate this money to a project for Bury Town Football Club Clubhouse development, leaving a remainder for future relocation opportunities.
- 2.7 The Council has commissioned Ecology and Highways studies on the Ram Meadow site to address the Planning Inspectors comments on the local plan. These studies are essential to enable the site to be brought forward for development. The investment in the site will enable BTFC to remain at the ground until an alternative location is found.