

## **STOCKPORT COUNTY FC**

### **Report of the Director of Development and Regeneration**

Commercially Sensitive – Appendix 1 to this report is confidential by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in respect of which the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### **1. PURPOSE OF REPORT**

- 1.1 This report outlines Stockport County's vision to grow the Club over the next 5-10 years and the opportunities to maximise the social and economic impact that it has within the local community.
- 1.2 The Club is looking to create a platform upon which substantial investment can be made both on and off the pitch that will underpin its growth ambitions and contribute positively to the regeneration of the local area.
- 1.3 The report seeks endorsement of the work carried out by the Club to date and for further consideration to be given to the role that the Council could play to support this growth through the creation of a strategic partnership.
- 1.4 It also sets out terms for the regear of the Club's existing lease of Edgeley Park to create a long leasehold interest that will allow for the investment needed to modernise the ground and safeguard its role as the home of Stockport County and as an important community facility.
- 1.5 The proposed structure will ensure that the Council retains the freehold of Edgeley Park, recognising the strategic importance of securing it long term for football in the Town Centre and wider Borough.

#### **2. BACKGROUND**

- 2.1 Following a change of ownership in January 2020, the Club has created a 7 year vision to return Stockport County to Championship level football.
- 2.2 As part of the Club's expansion plans they have identified a need to modernise and grow the capacity of the stadium.
- 2.3 Despite the difficulties experienced in the pandemic the Club has been able to progress several initiatives to work towards its goals through investment in facilities, players and creating local partnerships.
- 2.4 SCFC have confirmed they are committed to actively build on these achievements linked to the delivery of a range of outcomes.

- Re-entry into the English Football League and progression as quickly as possible to at least become a Championship side within the next 7 years.
- Widening the active fan base locally to support the Club's continued success.
- Maximise the Club's contribution with a range of community-based activities including education for young people.
- Maximise the positive impacts of the Club's success on Stockport as a place, the Town Centre and in the neighbourhoods where its facilities are located.

2.5 All these outcomes will require further significant investment predominately by SCFC in the Club as well as the Team, facilities for the Club and the Community.

### **3. PROGRESS TO DATE**

3.1 Since acquiring SCFC the new ownership has made significant progress in re-energising the Club. It has:

- made substantial investment in enhancing the fan and spectator experience at Edgeley Park;
- re-activated the fan base;
- made significant investment in players and new management arrangements;
- secured access to championship quality training facilities at Carrington albeit on a short term lease; and
- Launched an Education Partnership with Stockport College which from September 2021 has enrolled circa 160 16 to 18 year olds to undertake Level 3 BTEC in sports coaching. This arrangement operates from Woodley Sports Village, which again is on a short term lease.

3.2 Looking forwards the Club over the 2021/22 Season has intentions to :

- continue to invest in the playing staff;
- continue to deepen and broaden the fan base;
- develop proposals for a new Community and Educational Campus preferably integrated into a new Elite Training Campus; and
- continue to put in place short, medium and longer term plans to invest in Edgeley Park to improve our fan and visitor experience.

3.3 In relation to the last priority the Club now require a long term interest in the Stadium and associated lands to provide a robust investable platform that will underpin any investment into Edgeley Park and its environs.

### **4 ELITE TRAINING AND EDUCATION FACILITY**

4.1 The Club has already created educational and community facilities at Woodley which provide a range of opportunities for young people, but it has no long-term ownership of this facility.

- 4.2 SCFC wishes to build upon this offer through developing a campus style elite Training, community and educational facility within the Borough which will meet the requirements for SCFC and the wider community. Whilst there will be a requirement for part of this facility to be utilised exclusively by the first teams, it will create an inspirational destination for grass roots football and wider physical opportunities.
- 4.3 These facilities will be delivered over one or two sites and will replace the existing temporary and fragmented training provision which is currently in place for the first team.
- 4.4 The Club is seeking to identify a site within the Borough which has the potential to host a combined training, community and educational campus which would provide a permanent home for the Club's elite training facility, a home for the Stockport County Junior Academy, a range of community based football activities for Stockport grassroots football clubs and another location for the Education Partnership that Stockport Academy have with Stockport College to offer a high quality football and education programme.
- 4.5 Given the potential size of this requirement, it is proposed that the Council will help facilitate any discussions with land owners or external funding partners but will not be expected to provide any direct funding for this facility.

## **5. EDGELEY PARK**

- 5.1 Edgeley Park was acquired by the Council in July 2015 when the owner at that time was looking to sell the asset. Stockport County were the tenant however the financial terms of their lease brought into question their ability to remain at the stadium. By acquiring the freehold to Edgeley Park the Council was able to ensure that Stockport County could continue to play at the stadium.
- 5.2 A new lease was completed with Stockport County 2010 Ltd (the land owning entity controlled by the football club) with effect from May 2020 for a term of 25 years at a rent of £ 80,000 per annum on standard commercial terms
- 5.3 As has been set out above, the club have ambitious plans for the team and the playing facilities both for matches and training. Substantial investment has already been made in Edgeley Park particularly in the main Cheadle End stand with much improved commercial facilities which are a key revenue stream for the club. To date the Club have invested more than £8m since the current owner's acquisition and more investment is required to deliver the Club's future success.
- 5.4 In order to enable further investment in the stadium the club are seeking a new long lease (250 years) from the Council on payment a single capital premium. Initial discussions have been held with the club and the other terms of the proposed new lease transaction will be in line with those in the current lease, save for the payment of rent which will be covered by the premium.

- 5.5 The Council will retain the freehold of Edgeley Park recognising the strategic importance of the stadium for the future of football in the Town and wider Borough.
- 5.6 It is important to note that under the terms of both the existing and proposed leases, the stadium will only be permitted to be used as a sports stadium and functions ancillary thereto.
- 5.7 The retention of this clause will ensure that the stadium will continue to be used for its current purpose and prevent any redevelopment for an alternative use.
- 5.8 The acquisition of Edgeley Park will give the club the ability to invest further in the stadium given the security a long term (250 year) lease will provide them. Whilst the Council has sought to work with and support the club since its acquisition of the stadium having a relatively short term lease can inhibit investment and the ability to raise finance regardless of the identity of the landlord. The proposed long term lease to Stockport County 2010 Ltd will contain key constraints upon use as set out in para 5.5 but should provide sufficient freedom for the club to develop the stadium to ensure it can remain its long term home should it wish.
- 5.9 Avison Young Chartered Surveyors have been appointed jointly by SCFC and the Council to provide a Red Book valuation for the site. A Red Book valuation can only be provided by a chartered surveyor who is experienced in the valuation of the asset being considered. The valuer has been instructed jointly by both parties and is acting independently. A copy of the Red Book Valuation is included in confidential Appendix 1 and has valued the site at £2,080,000.
- 5.10 It should be noted that a sum to reflect additional acquisition costs would also be added to any premium payment agreed in order that the Council would recoup all of the investment it made when purchasing the stadium in 2015.
- 5.11 The club are eager to complete the acquisition of the ground as soon as possible. This will be dependent upon satisfactory terms being agreed between the parties however given that the current lease will provide the basis for the sale it is anticipated that the transaction could be completed without undue delay.
- 5.12 The Club recognises that its ambitions have to take into account those residents who live around Edgeley Park and the impact on them. With this in mind, the Club will commit to funding an immediate study of the impact of existing and anticipated future matchday car parking in the Edgeley neighbourhood. The Club will consider the outcome of that review with the Council and are committed to making a contribution to any proposed solution.
- 5.13 It is likely that the Club will have to produce a Travel Plan as part of its long term plans for the stadium.

## **6 NEXT STEPS**

- 6.1 In order for these investment initiatives to be delivered successfully, SCFC will require early buy-in from the Council and other key stakeholders. It is proposed

that the potential to create a strategic partnership be explored between the Council and the Club in order to deliver the shared objectives of both parties.

6.2 The objectives of the partnership could be summarised as follows: -

(a) To oversee the development of a Stadium Redevelopment Framework proposed by the Club to shape and guide the phased expansion of Edgeley Park and which places local resident and wider community needs at the heart of an analysis which actively promotes redevelopment plans as an engine of growth for the neighbourhoods around Edgeley Park.

(b) Acknowledge the challenges of the physical expansion of Edgeley Park and consider the best ways that this could be delivered balancing the growth proposals with the needs of the local community.

(c) To oversee the development by SCFC of a Campus style elite training, community and education facility - supporting delivery including exploring external funding opportunities.

(d) To oversee engagement with stakeholders - those who operate at neighbourhood level and across Stockport - to ensure that all plans capture maximum benefit for Stockport residents and businesses.

6.3 For the avoidance of doubt nothing in these principles implies the assumption of a significant additional revenue or capital liability by the Council

6.4 The Club recognises that this partnership approach will not impact on the discharge of any regulatory or statutory functions by the Council.

6.5 The next steps would be to consider the joint strategic aims and objectives and governance arrangements of a strategic partnership further and report back to Cabinet at a later date.

## **7. FINANCIAL IMPLICATIONS AND RISKS**

7.1 The sale of the stadium will not present any financial risk to the Council as payment will be by way of a single premium payable on the grant of the lease. Retaining the stadium on the current lease does incur the risk as all leases do that the tenant may default on payment.

7.2 None of the principles set out in relation to the proposed strategic partnership are deemed to require any financial outlay by the Council except for officer time required to oversee and collaborate on the agreed outputs.

## **8. LEGAL IMPLICATIONS AND RISKS**

8.1 Local authorities are given powers under the Local Government Act 1972, subject to applicable legal constraints, to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements. However, a disposal

must be for the best consideration reasonably obtainable, as set out in section 123 of the Local Government Act 1972 (except in the case of short tenancies), unless the Secretary of State consents to the disposal.

8.2 The best consideration reasonably obtainable will be achieved as a result of the grant of the long lease, which is therefore compliant with the obligation contained in section 123 Local Government Act 1972.

8.3 If Cabinet approval is given in principle to the disposal of the long leasehold interest, further legal opinion will be sought in relation to the proposed lease terms ahead of finalising the transaction.

## **9. HUMAN RESOURCES IMPACT**

9.1 No impact to note.

## **10. EQUALITIES IMPACT**

10.1 No impact to note.

## **11. ENVIRONMENTAL IMPACT**

11.1 No impact to note.

## **12. RECOMMENDATIONS**

12.1 The Scrutiny Committee is asked to consider and comment on the proposals to

- a) Note the progress to date by the Club in bringing forward investment in players and facilities and developing community partnerships.
- b) Note the Club's vision for the growth and development of the Football Club and its associated community activities for the long-term benefit of residents, the wider area, and the town as a whole.
- c) Give approval the proposal to create a Strategic Partnership between the Council and the Club based on the principles set out in this report.
- d) Delegate Authority to the Deputy Chief Executive in consultation with the Deputy Leader of the Council and Cabinet Member for Resources Commissioning and Governance to approve the final terms of a long lease of Edgeley Park to Stockport County 2010 Ltd in return for a premium of £2.157m
- e) Delegate authority to the Strategic Head of Service (Legal & Democratic Governance) to do all things necessary or incidental to the implementation of the above-mentioned resolutions.

## **ADDITIONAL PAPERS**

Confidential Appendix 1 – Red Book Valuation by Avison Young

## **BACKGROUND PAPERS**

None

For further information please contact Paul Richards on Tel: 0161 474 2940 or by email [paul.richards@stockport.gov.uk](mailto:paul.richards@stockport.gov.uk).