

Property Purchase of Yeovil Town Football Club Ground

Executive Portfolio Holder:	Councillor John Clark, Portfolio Holder for Economic Development including Commercial Strategy
Ward Member(s)	Councillors Peter Seib, Alan Smith, Jeny Snell
Strategic Director:	Clare Pestell, Commercial Services and Income Generation
Lead Officer:	Robert Orrett, Commercial Property Land and Development Manager
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Purpose of the Report

1. The purpose of this report is to advise members on a proposal to purchase the property owned by Yeovil Town Football Club and lease it back to them. The proposal has been instigated due to the financial pressures on the club caused by the COVID-19 pandemic. The proposal is based on commercial principles so that any help for the club can be achieved without exposing the Council and the Council Tax payer to undue risk.

Forward Plan

2. This report did not appear on the District Executive Forward Plan. The reason the report did not appear on the Forward Plan has been due to the pace at which the situation has evolved and the urgency required for decision making if the intervention is to be effective.

Public Interest

3. Yeovil Town Football Club is the only professional football club in Somerset. As such, it contributes to the local economy and contributes more widely in terms of community, education and local civic pride. The COVID-19 pandemic has directly caused the loss of virtually all spectator revenue for the club. The club has sought to reduce its cost base. Overall, the remaining costs will cause the club to run out of money within a short period unless it is able to secure a substantial financial injection. The proposal is for the Council to purchase the main property and land asset of the club at Huish Park and lease it back to the club.

Recommendations

4. That District Executive Members:
 - a. consider the importance of Yeovil Town Football Club and the possible consequences if the club becomes insolvent.
 - b. approve the proposal to purchase the property asset Huish Park and lease it back to Yeovil Town Football Club and the terms outlined in this report.

- c. agree that if proposal is approved, to delegate to the Director of Commercial Services and Income Generation approval of detail of the sale, subject to the initial return on capital being no worse than the minimum identified in the confidential appendices to this report.

Background

5. The history of Yeovil Town Football Club (YTFC) is normally traced back to 1895, playing for many years at Huish on a sloping pitch thought to contribute to success manifested in various FA Cup giant killing stories. The club moved to a new ground, named Huish Park in the Houndstone area of Yeovil in 1990 and achieved Football League status from 2003 onwards. The club was relegated to the Vanarama National League for the 2019/20 season but has continued as a fully professional club. The ownership changed hands in 2019 with Scott Priestnall and Errol Pope becoming the majority owners.
6. The current ground at Huish Park is part of a large site owned mainly by the club, with an area owned on long lease from the Council.
7. The COVID-19 pandemic has had widespread impacts on the health of the whole nation and also caused major economic pressures for many people and organisations. The first lockdown in March 2020 saw the initial pausing of all organised sporting activity. While professional sports matches have resumed in football, the exclusion of spectators, which also started in March 2020, has continued. The expectation at present is that this will now be eased depending on further lockdown requirements but pressures would continue throughout the current season. The loss of revenue this has caused has been dramatic for all professional sports clubs. Proportionately in football it is more severe for lower league clubs as they have no general revenue from TV rights or similar.
8. For YTFC, the impact linked to the pandemic has stopped all of their spectator revenue other than limited season ticket revenues where fans continue to support the club if they can. The chairman of the club decided to approach the Council to discuss if there is a possibility of the Council becoming involved to intervene and avoid the club becoming insolvent. The outlook described by the chairman is that the club will run out of money by Christmas 2020 if no intervention can be secured.
9. The club was advised that the Council could not provide direct financial support to the club, but that we would evaluate the possibility to invest in the property asset of the club. The option that has been considered, and which is the subject of this report, is a sale & leaseback transaction. Sale & leaseback transactions are quite common in the commercial property investment market. They enable organisations to release capital from property assets they own by offering to sell them to an investor and provide the investor with a long term income flow secured via a lease on the property which is concluded simultaneously with the sale.
10. This approach has the potential to provide the club with an early injection of funds to avert the threat arising from the lack of revenue. For the Council, it enables a positive response to be offered to release the pressure on YTFC, but delivered in an arrangement which is based on using commercial principles to help retain a well-supported, community asset, which is part of the town's history. This approach also



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provides the Council with a significant property asset and the expectation of a reasonable return on the capital invested, reflecting the risks that need to be considered and balanced to make such an investment acceptable for all parties.

Situation commentary

11. YTFC has a history of well over 100 years in Yeovil and since moving to its current modern stadium at Huish Park has played for 15 years as a Football League club until relegated to the Vanarama National League at the end of the 2018/19 season. The 2019/20 season was concluded without the final matches being completed having been suspended due to the lockdown under the COVID-19 pandemic. YTFC finished fourth calculated on points per game. In the current season, YTFC have played nine games so far – no wins, five draws and four losses, placing them in the current league table.

Geographical Context

12. It is important to note the geographical context of professional football clubs within the local area and the draw that YTFC has across the wider region. The table below shows that the geographic spread of football teams across the South West in the top 5 tiers is very broad. This highlights the importance to football fans that Yeovil Town FC has on the immediate location of Yeovil and also the geography across Somerset and wider region.

Premier League	Southampton	73.8 miles – 1 hour 40 minutes
Championship	Bristol City	42 miles – 1 hour 30 minutes
	Bournemouth	48.5 miles – 1 hour 30 minutes
League One	Bristol Rovers	42 miles – 1 hour 30 minutes
League Two	Exeter City	51 miles – 1 hour 20 minutes
	Forest Green Rovers	70 miles – 1 hour 50 minutes
National League	Weymouth	30 miles – 50 minutes
	Eastleigh	78 miles - 1 hour 30 minutes

Contributing to the local economy

13. Over the past 3 seasons, through data not provided by YTFC, it has been calculated that attendance has averaged approximately 3,000 supporters for each home game. Home games occur approximately 20 times per season. Although we can assume that many of these attendees would be residents local to the Yeovil area, we would expect that a proportion will be travelling from the surrounding area and that some will be away fans - travelling from further afield. With the club being an out of town facility it is difficult to measure an economic impact on the town centre, however it could be assumed that the town would see an increase of use and an

increase of spend on match days. There are several national chain and independent food and beverage outlets within close proximity of the football club. It may be assumed that all of these would see an increase of use on match days, all of which will employ individuals and circulate money into the local economy.

14. In addition to the secondary economic benefits above, the Football Club are also an employer within the local area and provide both full time and match day employment to around 150 people.

Contributing to the civic pride of Yeovil

15. Many studies argue that football is more than just a sport in a community. It provides local people with a community and a sense of civic pride regardless of the team's performance. In 2010, 'Supporters Direct' conducted extensive research to evaluate the social value of football clubs in communities and how this could contribute to the civic pride and wellbeing of individuals. Despite this research not focusing specifically on YTFC, there are several aspects that are likely to resonate with the Yeovil Town Football Club community.

16. Q - What is the best thing about your football club? Notable answers:

- Local/locality
- Friends/friendliness
- Community
- Family
- Fans and supporters

17. Q What do you think is the most valuable thing about your club for you?

Notable answer: The 'value' in the club is the community it brings together. To be honest, if I just went for the football I would have given up years ago. The football club is actually the cornerstone for some of my most valuable friendships, and a Saturday afternoon is there to meet friends and socialise.

18. In addition to this research, the Department for Digital, Culture, Media and Sport have also researched on the social impacts of culture and sport. Although this study combined participation in sport more generally, from taking part to spectating it is important to highlight several benefits that were found including:

- Reduction in physical and mental health problems leading to a saving on health care costs.
- An increase in pro-social behaviour and reduces crime and anti-social behaviour.
- Sport acting as a 'social glue' that contributes to social connectedness and sense of belonging.
- Positive impact of sport and exercise on educational outcomes.
- A large increase in social wellbeing.

19. As said, many of the above can be achieved by sport more generally but we should not underestimate the role that professional sport has on a local area to motivate and inspire individuals to participate in sport.

YTFC in the business community

20. YTFC are keen to build on existing connections and have already demonstrated a commitment to the local business community. They have been involved in Yeovil Chamber as well as providing conference facilities for the area. In recent years the football club have hosted events from the Federation of Small Businesses and most recently the Yeovil Chamber Business Awards.

Contributing to education

21. For some years YTFC have had a professional relationship with Yeovil College to improve the lives of young people living within the area. Yeovil College's Elite Player Development Programme is designed to support talented and aspiring young footballers to develop their footballing ability by providing a high level of coaching as part of the YTFC Academy programme. Students study towards a BTEC Level 3 Sport in Performance and Excellence alongside working on their footballing careers. Students train at YTFC two days per week and study 2 days per week at the college with fixtures against the highest level of opponents throughout the year in England Colleges FA Premier League. Earlier this year, the programme was significantly enhanced and gained the full backing of Club Manager – Darren Sarll. Yeovil College are dedicated to the programme and see real benefits work between the Football Club with the Director of Curriculum, Teaching, Learning and Quality stating, "It's about committing to be the best academically and practically. Our shared vision empowers players to expect more and achieve more, connecting a high-quality academic qualification with an acceleration in football development".

Impact on a community level

22. Associated with YTFC, the Yeovil Town Community Sports Trust is a registered charity that strives to make a positive difference for all through sport and learning. Their aim is to provide fun, safe and enjoyable activities for people of all ages, abilities and social backgrounds by using the power of sport as well as the profile of YTFC to engage individuals and to have a positive impact on the lives of thousands of people each year. The impact that the Community Trust has on the wider Yeovil geography through Talent ID Centres, Schools Engagement, Soccer Schools and match day experience for young people is an asset to the local community and should not be overlooked. As previously mentioned, the catchment for YTFC supporters, also has to be considered in the catchment for community benefit.

Opportunities to achieve SSDC Council Plan objectives through working with Yeovil Town Football Club:

23. **Economy** - To promote a strong and growing economy with thriving urban, rural and land-based businesses.
24. **Healthy, Self-reliant Communities:** To enable healthy communities which are cohesive, sustainable and enjoy a high quality of life.

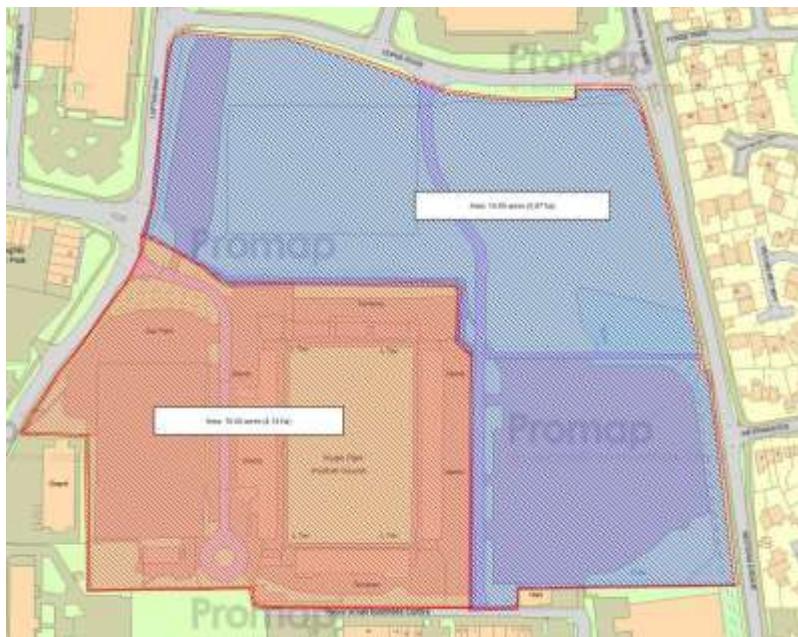
25. The outline proposal is for the Council to purchase the entire freehold and leasehold interests held by YTFC in the Huish Park ground. The current 999-year lease from SSDC to YTFC would be extinguished and a new 30-year lease of the whole property would be simultaneously granted back to the club. Part of the purchase price would be applied to securing the release of restrictive covenants that affect the title to the property.
26. The new lease would be structured with the football stadium, 3G training pitch and ancillary areas being the “core” area which would continue to be used for club purposes throughout the lease. The remaining “non-core” land would also be leased to YTFC but the club would continue to seek planning permission for development on that land. If consent was granted, the Council would be entitled to seek a purchaser for that land who would take forward any development. The sale proceeds would be retained by the Council but 80% would be applied to benefit YTFC by being used to enable a reduction in rent pro rata to the capital recovered. YTFC would have an option to buy back the residual freehold property and the price would also be reduced by the pro rata impact of development land sale proceeds.

The Property

27. The property comprises nearly 25 acres (10 hectares) of land forming Huish Park with its stadium and facilities. The club owns the freehold of most of the land but the Council owns 4.5 acres (1.8 ha) which is subject to a 999-year peppercorn lease to the club. Permitted uses are restricted by the lease terms to team games on any pitches, tennis on courts and ancillary parking. The lease effectively deprives either party alone from unlocking any latent development value. The approximate boundaries of the property are shown edged red on the plan below with the area owned by SSDC and leased to YTFC hatched blue. The detail would be subject to legal due diligence.



28. The approximate division between “core” and “non-core” areas under the new lease would be as shown on the following plan which shows 10.2 acres (4.14 ha) as the core and 14.5 acres (5.87 ha) non-core:



Community Right to Bid

29. It is important to note that the property is included on the Register of Assets of Community Value, introduced under the Localism Act and operated under The Assets of Community Value (England) Regulations 2012. The registration allows the nominator – in this case Yeovil Town Supporters Society Ltd – to be given the opportunity, prior to any sale of the registered property, to consider if they wish to have the opportunity to prepare and submit a bid. The owner must give the Council as registering authority written notification if they intend to sell the asset. The Council is required to notify the group who originally nominated the asset. The Council must also publicise the forthcoming sale in the local area. At this point there is an initial moratorium period. The owner is unable to sell the asset for 6 weeks from the date the Council receives the written notification to sell, to allow time for the community to express written intention to bid. If any written intentions are received, the Council must pass on the request to the owner at which point the full moratorium period of 6 months from the original receipt of intention to sell comes into force. If no written intentions to bid are received, the owner is free to sell the asset.

30. During this time, the owner is able to consider any bids received. The Council must pass these on to the owner as soon as possible. After 6 months, they can sell the asset on the open market, and no further window can be triggered for an 18 month protected period.

31. The operation of these provisions could prevent a sale by YTFC to the Council of the property within the timescale indicated by the club as being necessary to prevent insolvency.



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Financial Implications

32. Financial implications are reported in the confidential appendix.

Legal implications (if any) and details of Statutory Powers

33. The Council has wide ranging legal powers in relation to this transaction including the General Power of Competence under Section 1 of the Localism Act 2011.

34. S.120 Local Government Act 1972 –

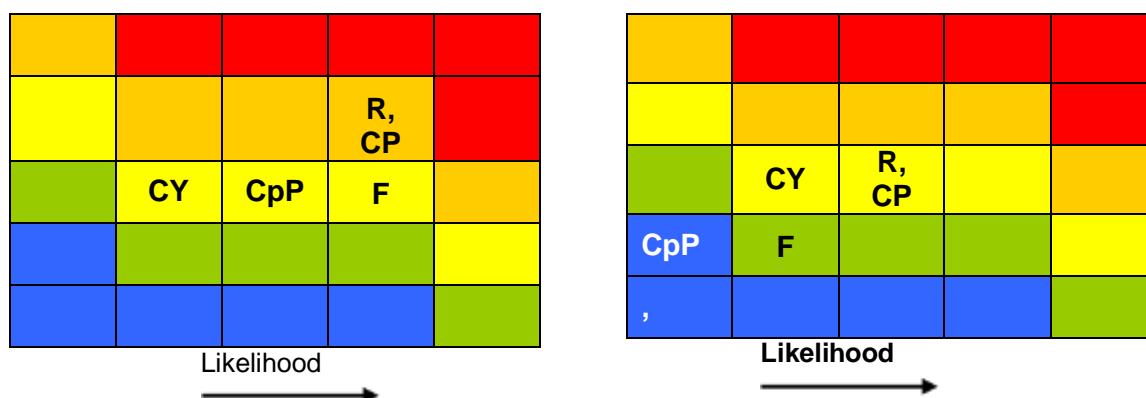
Acquisition of land by agreement by principal councils for the purpose of its functions under this or any other enactment, or the benefit, improvement or development of their area the council may acquire by agreement any land, whether situated inside or outside their area.

35. S.145 Local Government Act 1972

A local authority may do, or arrange the doing of, or contribute towards the expenses of the doing of, anything (whether inside or outside their area) necessary or expedient for any of the following purposes, that is to say: (a) the provision of entertainment (b) the provision of theatre, concert hall, dance hall or other premises suitable for the giving of entertainment.

Risk Matrix

Risk Profile before officer recommendations Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R - Reputation	High impact and high probability
CpP - Corporate Plan Priorities	Major impact and major probability
CP - Community Priorities	Moderate impact and moderate probability
CY - Capacity	Minor impact and minor probability
F - Financial	Insignificant impact and insignificant probability



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36. **Economy** - To promote a strong and growing economy with thriving urban, rural and land-based businesses.
37. **Healthy, Self-reliant Communities:** To enable healthy communities which are cohesive, sustainable and enjoy a high quality of life.

Carbon Emissions and Climate Change Implications

38. There should be no direct implications arising from the purchase of this property asset. Development proposals will need to address any carbon emissions and climate change implications within the proposal supporting documentation.

Equality and Diversity Implications

39. There should be no direct Equalities and Diversity implications from the purchase of this property asset.

Privacy Impact Assessment

40. No privacy impacts are anticipated as consequence of this report.

Background Papers

41. None

There are confidential appendices to this report

Confidential appendices:

1. Confidential officer report sections
2. SSDC Valuation model
3. Savills Valuation Report and report appendices