

NEWSLETTER #2 July 2005

Introduction

Much has happened with regard to LUST since the issue of the 1st Newsletter some 3 or 4 months ago now. There has been the first AGM at which a new board of Directors was elected. The new directors represent a mixture of long-time Leeds United fans as well as those with long experience of the community ethic with which LUST is heavily involved.

The composition of the new board of Directors is as follows:

Michael McGowan	Chairman and Head of Community Projects Working Party
John Cave	Vice Chairman and Head of Membership & PR Working Party
Gary Hewitt	Treasurer and Head of Safe Standing Working Party
Paul Fallon	Head of Elland Road Working Party
Michael Green	
Paul Seldon	
Tony Burrows	
Alan Gill	
Paul Rodgers	
Jack Benson	
Maureen Taylor	Co-opted Director as representative from L.C.C.
Rick Duniec	Disappointingly, Rick resigned after the initial board meeting
Chris Maynard	Supports the Board as Secretary

The highlights of this initial period have been the start of the development of the new website for which we can thank LUST member Adam Ternent for his time and effort in establishing a facility that will present LUST in a more professional manner.

We intend to announce the new organisational structure in the very near future when, with the new website as a main feature, hopefully we will be able to grow our membership to size befitting a club of our stature.

We have made our first official representation to the club with a ticketing package proposal (for details see Working Party Report) and were disappointed that we did not receive a reply however nothing ventured nothing gained and we are about to propose a second initiative for their consideration.

Additionally many of the Directors are extremely concerned about the way that our away match supporting fans are being treated with regard to enforced travel arrangements for certain matches (i.e. Cardiff) and we have made these concerns known to the club with a letter on the subject.

We have included in the newsletter the detailed reports that have been received from each of the working parties as their efforts represent the bulk of the activity with which LUST is involved.

Finally with the new season upon us it just leaves me to say good luck to the team and let us hope for some exciting and rewarding visits to Elland Road during the next 9 or 10 months.

John Cave

LUST PR/Membership Working Party Progress Report (Prepared by John Cave)

The past 2 months has seen a lot of activity by the working party responsible for membership expansion and PR.

A new website has been established by a LUST member Adam Ternent that should dispel much of the criticism LUST has received in the past on this subject. Adam is however unable to complete the project as he has yet to be provided with all the information particularly with regard to membership payment procedures as well as other items of essential information.

We have taken our first initiatives in approaching LUFC with ideas that could improve their income with an alternative ticketing strategy. Unfortunately we have not had a response from the club which is disappointing given their previously well publicised requests for ideas from the fan base which has been again repeated in their "Customer Charter 2005-2006" issued recently by them. However we understand from enquiries that a response will be forthcoming shortly. We have undertaken some market research via the various 'forums' on our ticketing package scheme and have received almost 100% approval from fans who have read the initiative.

A second initiative had been developed based upon a suggestion from one of the fans who put forward the idea for the club to utilise its Car Parks as the basis of a Park and Ride scheme into the centre of Leeds. We were keen to move this forward as the idea satisfies the 2 major tenets of LUST's Rules which are to assist both the Community and the Club. However research at L.C.C. has shown that the club do not in fact own the Car Parks as these are still Council owned and operated. (However the idea remains a good one that perhaps the council itself should consider)

In addition we are considering utilising some or all of the following in order to raise the LUST awareness with the fan base to attract membership:

- LUST leaflets included in the match day programme.
- Or, alternatively asking the club for some advertising space in the programme.
- An evening with old players at some suitable venue in Leeds
- We are going to ask each Director to try attract at least 10 new members each by the time of the October meeting!!

During the period we have attended a meeting at Elland Road of the first North East Area meeting of Supporter Direct of which LUST is a member and notes from the meeting were circulated to Directors.

Paul Seldon has made contact with the person responsible for starting the Chesterfield FC Supporters Trust who then subsequently went to become the clubs new owners with a fan's buy out and who is now a Director of the Club. In addition to providing advice on membership matters he has also offered to come to one of the LUST Board meetings where he will explain the history of their Trust and their subsequent club buy out.

The LUST membership fees have been a subject of some discussion during the past month or so. A straw poll of those clubs represented at the North East Area meeting showed a variety of membership fees generally between £5 and £10. An outline paper has been prepared for consideration at the next Directors meeting which would recommend a lower initial introductory membership fee.

Ground Safety (Prepared by Gary Hewitt)

As part of LUST's commitment to tackle the many issues currently facing Leeds United's supporters, a working group is currently being formed to try to find a mutually-acceptable, common sense solution to the long-running issue of "persistent standing in seated areas". Since Elland Road was converted to all-seater in the close season of 1994 a large number of our supporters have preferred to remain standing during matches, particularly in the Revie Stand, but the situation has recently become inflamed by the disproportionate actions of the stewards and police within the stadium. Reacting to new, tougher directives from the local authorities, supporters have been ejected from the ground, the Revie Stand capacity temporarily reduced and we've even seen our away ticket allocations reduced by some Clubs. With the new season approaching, an all-inclusive, reasoned debate is required so that our Club as a whole may find a practical solution to the current problem, satisfying both the safety authorities and our supporters.

The Football Supporters' Federation (FSF), Standing Areas for England (SAFE) and the campaign group Stand Up Sit Down (SUSD www.standupsitdown.co.uk) recently met with the Core Cities Group, the local authorities charged with implementing the FLA's new directive on persistent standing. The purpose of the meeting was to advise the Core Cities Group of the reasons why so many supporters are still standing so long after the all-seater regulations came into force, and why heavy-handed stewarding and other draconian measures favoured by the FLA are unlikely to succeed in forcing supporters to remain seated against their will. The local authorities were also able to explain the pressure they are currently under from the FLA to eliminate persistent standing and were interested in the proposals put forward by SUSD which could clearly offer a practical, safe, compromise solution to the ongoing situation. The FLA, however, are still refusing to listen to reasoned debate on the issue and have since been contacted directly by Dr Malcolm Clarke, Chairman of the FSF, urging them to reconsider their current position and demonstrate the bravery and vision needed to make real progress and avoid a repeat of the unnecessary conflict between supporters and stewards throughout the country.

The design company Sporting Solutions are almost ready to present their excellent "Safe Standing" prototype to the FLA and the Sports Minister for inspection and, hopefully, approval. This innovative design utilises the stadium's existing plastic seating, mounted higher and incorporated into full length crush barriers on every row to create fully convertible seating/standing accommodation which will allow supporters to either sit or stand in complete comfort and safety without inconveniencing those around them. Many Club officials, including a delegation from Leeds United, have already viewed and trialed an earlier working model and expressed their interest and excitement at this long-awaited breakthrough in stadium technology. Perhaps most importantly of all, the new design would conform to all current legislation and would be simple and cost-effective to install, particularly as part of a sponsorship deal for a stadium development which would attract much media attention.

The LUST working group aims to bring together all interested parties, including Club officials, the local licensing authorities, the FLA, campaign groups and supporter organisations. Progress achieved and initiatives agreed will be reported through the Trust at the earliest opportunity and the opinions and experiences of individual supporters are always extremely welcome.

Ground Ownership (Prepared by Paul Fallon)

Football has been played at Elland Road since 1898. Leeds United took over the ground in 1919, when Leeds City was wound up. In 1985 it was sold to the Council to balance the books. In 1998 it was bought back again. Following recent financial chaos, the ground and training pitch were sold in lease back agreements during the Krasner era.

Within days of taking control of the club, Ken Bates announced that he was interested in exploring ways in which the fans could own the pitch and protect the brand of Leeds United. Since then, we haven't heard anything else about the proposals. We expect that more will emerge once our new Chairman has all of the details in place.

The idea of Leeds buying back the ground and then selling off the pitch to fans sounds similar to an initiative that Ken Bates introduced at Chelsea.

In his programme notes from CHELSEA v LEEDS on 13th Dec 1997, Ken Bates wrote: *"At the moment we are just tenants at Stamford Bridge. Next Wednesday we are lending the money to Chelsea Pitch Owners Plc (CPO) to buy the freehold of Stamford Bridge from the Harding Estate. Simultaneously CPO will grant an 199 year lease to CFC to play football here and if CFC ever leave Stamford Bridge then the name Chelsea Football Club must be handed over to CPO. If this all sounds complicated then put simply both the pitch and the name belong to you the supporters and is safe for ever from future generations of property 'spivs' and corporate raiders. The financial effect of this move will save CFC about another £15k pa which will further strengthen the clubs profitability. So there you have it. You will now own the name and the ground. True*

there is still a large debt to pay off but it can and will be done. The Directors of CPO will be writing to all detailing their plans and how you can be part of it."

Broadly, the Chelsea scheme involved Chelsea Village buying back the ground from lenders and then selling a parcel of it (the pitch) to fans through a new company, CPO. CPO essentially sold shares (or 'sods of turf' certificates) to fans. It hoped to sell 70,000 but actually only ever sold a little over 11,000.

It's fair to say that not all Chelsea fans were happy with the way the arrangement worked out. An independent fans perspective, called 'Pitch Dark', was written in 2003 in response to rumours of a ground share being discussed. Briefly, the article argued that Chelsea Pitch Owners Association (CPO) was in a mess.

A number of issues were raised by the article at the time. These included:

- Whether the pitch should really have been separated out from the ground in a sale to supporters.
- Whether the arrangement really provided any protection for the pitch.
- That the pitch really cost £5m but was sold by Chelsea Village to CPO for over £11m.
- That CPO was making losses and still owed over £9m of the original £11m+ that it paid for the pitch.
- That sales had dried up and there was no prospect of repaying the debt and consequently, if Chelsea Village went bust, CPO would be forced to sell the pitch.
- That the management of CPO was questionable.

As it turned out, Ken Bates successfully sold Chelsea to Abramovich. So none of the doom and gloom about Chelsea Village being on the verge of collapse came true. However, there were some interesting elements in the story.

I have picked up some bits and pieces from the original article below, which I'm sure many of you will have already seen by searching the internet. However, be aware that these are verbatim edited snippets from the article and I do not claim that any of this is factually correct.

The Royal Bank of Scotland had come in to ownership of the ground, as main creditors of a collapsed property company. They arranged to sell back the 11.9 acres of land to Chelsea Village in 6 parcels. The cost of the piece of land which housed the pitch, was priced at £5m. This was the piece of land CPO was created to buy.

'Buying a share' in CPO was in effect making a donation, it was not an investment in any recognised financial sense. The Company issued 70,000 shares at £100 each, seeking to raise £7m. There were several caveats: "You won't get a dividend, the Company won't make a profit - or a loss for that matter - but you will be part of a brotherhood that, through the company, will own Stamford Bridge and so preserve football for future generations of Chelsea supporters" For the record, CPO lost £15,565 last year (2002).

What has never been satisfactorily explained is why the £5m price, fixed over the twenty year period of the lease was ignored, and where the new price of £11,150,751 came from.

The upshot of this secretive move was that land bought by Bates in 1993 for £5m, was then 'sold' on to Chelsea supporters four years later at 223% of the cost! As Bates remarked recently, "That's how property companies make money".

CPO set up another company to sell Chelsea memorabilia. None of this activity was reported in the CPO accounts; no profits ever raised were accounted for. One by one the other directors considered their professional positions and decided to leave the board of CPO.

So how safe is the pitch? CPO has an asset, the pitch, but it also has a huge debt.

The pitch is let to Chelsea Football Club for a peppercorn rent, but there is no other guaranteed income source. Sales of the £100 'donation' shares has all but dried up, with only 364 being sold last year, completing the grand total of 11,238 sold as of last year's accounts. Remember the plan was to sell 70,000 within ten years, but at last year's rate of sale it is going to take another 161 years to reach that target! The level of debt to Chelsea Village is still a staggering £9,026,404. A disturbing enough figure in its own right, but when you consider that CPO's net debt the previous year (2001) was £9,001,833, and in 2000 it was only £8,967,517 it is clear things are drastically wrong. To reiterate, CPO's net debt increased by £24,571 last year, and by £34,316 the year before that.

The bulk of the debt is 'unsecured and interest free' which sounds reassuring, but that only applies as long as the debt is held by Chelsea Village. The £9m+ debt is recorded in the Village accounts as an 'asset', and is used to defray some of the real external debt.

If Chelsea Village went bankrupt the picture gets even bleaker again. The Eurobond creditors would look to realise assets to get some of their cash back, and CPO will be faced with the choice of paying the debt in full or being declared bankrupt. The stark reality here is that the pitch is 'safe' as long as Chelsea Village doesn't go bankrupt.

This calamitous state of affairs does not even take into account the effect of any sale of Village assets to an outside company. Who would own the stands? Would Chelsea Football Club be forced to rent their own stands back from a property company? “

Anyway, enough about Chelsea! The fact is that Ken Bates has bought Leeds United when many people were convinced that it was about to be wound up. Of course he needs to restructure the business, get the debt down and improve profitability. All of that work is good for the club and the fans and hopefully the team. As yet, we don't know whether he will press ahead with plans to 'sell the pitch' to fans. All we do know that he has said he would like to.

It makes sense for LUST to begin to consider some of the issues around ownership of the ground before any such proposal materialises. That is why we have set up a small working group on the subject.

What is the scope of this working group? We are interested in the concept of fan ownership of the ground. We are not limited to thinking purely about pitch ownership. We want to explore the issues involved in fan ownership prior to any such proposal coming forward from the club. When the time comes, we want to be involved in trying to make sure that any proposals that may come forward serve the long-term interests of both the club and the fans.

We are at an early stage. To date, we have met with the Co-operative Bank to try to get some background on examples of either pitch or ground ownership in the UK. We have made contact with Chelsea Action Group to seek updates on their views. We are awaiting further information and background from other parties. A further update will follow in the next newsletter.

In the meantime, anybody who has views or information which they think might be useful should e-mail lust4leeds@hotmail.co.uk

Community Involvement (Prepared by Michael McGowan)

Two meetings have been held with the Social Services Department of Leeds City Council regarding disabled access at Elland Road. It should be noted that this season there will be a new lounge available for the disabled at the Kop end of the ground.

Arrangements have been made for Day Centre people to attend Peacock lunches at Elland Road where former players Peter Lorimer and John McClelland have been past speakers. Eddie Gray will be the next speaker at the Peacock lunch to be held on the 24th of August 2005.

With the increased prices this season at Elland Road LUST has made it clear that there is maximum availability for as many fans as possible particularly opportunities for those that are young people, require disability access, unemployed and the low paid.

With regard to the recent awarding of the Olympics to London LUST has expressed the view that whole of the country including Yorkshire should position itself to benefit from the opportunity.

Following a meeting with the club Membership Secretary – John Hemmingham – arrangements will be made to organise a meeting with the club's Community Department in the near future.

LUST has arranged for visitors to the Breeze International Festival to visit Elland Road as well as accompanying a group of young visitors from Cuba on a tour of the ground.

LUST has arranged a meeting between Leeds United AFC and the Leeds City Credit Union.