

Sports stadium construction

Handy guide

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It is a prerequisite for any successful sporting organisations to have a stadium that meets its immediate needs and matches its long-term vision.

The demands placed upon modern stadium infrastructure have evolved significantly in recent years and many organisations are investigating the benefits of building new or renovating existing stadiums. This briefing note provides an insight into the legal considerations in relation to stadium construction.

General Considerations for any stadium construction projects

Unlike other types of construction projects, stadium projects will often have a set date by which they need to be ready, generally before the start of a new league season. It is vital that organisations work closely with Contractors to agree a programme that is logistically and financially achievable, whilst fitting within the organisation's requirements. However, even with the best planning, organisations should consider contingency plans in the event that there is a delay to the project and budget accordingly to mitigate any financial losses.

Before the physical construction on the site begins, it is crucial for stadium construction projects to be planned in fine detail. A common method of ensuring Employer and Contractor alignment is making use of pre-construction services agreements (PCSA). A PCSA is used to appoint and utilise the services of a design and build Contractor prior to entering a formal building contract. It allows for the Contractor to provide design input, find engineering solutions and evaluate and minimise risks, all at an early stage. Generally, a substantial PCSA period can streamline the overall process and reduce the period of on-site construction required.

If the works are on a large scale, it can be beneficial if various parts can be completed simultaneously. Parties should also consider if night working is appropriate. If so, they must comply with relevant health and safety regulations, take appropriate noise and/or light pollution measures, and ensure that all relevant consents are in place.

Thought should be given to the specification of the playing surface which, if engaging a Contractor, will require a tailored construction contract. Hybrid grass pitches which combine natural grass and synthetic fibres are growing in popularity and are valued for withstanding heavy use. This can allow stadiums to unlock new revenue streams by hosting extra matches, for example allowing women's or youth teams to share the stadium consistently throughout a season. Some organisations are

even utilising retractable grass pitches to protect the playing surface during events such as concerts, which can unlock an additional revenue stream. Other organisations are innovating in different ways, such as laying the pitch down in large carpet-like rolls and then removing and composting the grass during the off season, to allow for hosting summer events.

Organisations should ensure that the playing surface meets required specifications for their current level and future ambitions. For example, in a football context, clubs may wish to appoint pitch Contractors that hold the FIFA Quality Pro certification or Sports and Play Construction Association accreditation.

Additionally, time will need to be allocated to the Programme for the growing period, and a poor or underdeveloped playing surface could result in the postponement or forfeiting of fixtures, injuries to players, or negative publicity.

Large stadium projects are at risk of quickly spiralling out of budget, and in the current Contractor friendly construction market, organisations should have a set budget for the project and ensure the pricing structure is reflected in the Construction Contract. Organisations should carefully consider whether they are willing to take the risk for inflation or the rising cost in materials such as steel, or whether this can be passed to the Contractor.

More generally, thorough planning and appropriately drafted bespoke bonds and guarantees can help mitigate economic risks. Organisations will also have crucial decisions to make on how much financial risk they are willing to bear. Some may use construction management and are willing to bear the risks themselves. However, some organisations may enter design and build lump sum contracts with Contractors who bear the risk instead.

Regardless of the level of risk agreed, organisations should ensure that their position is adequately protected in the event of any delay, and they should ensure that a sufficient level of liquidated damages are included for such an event. Contingency plans should also be put in place in advance of the works. This helps mitigate any potential financial or reputational damage caused by delays.

Stadium construction can be multifaceted, and both accountability and transparency are essential. Strong internal governance can help ensure the project is well organised and can encourage beneficial engagement with appropriate consultants. For example, there are a growing number with specialism in sustainability and sport. Transparency can also ensure ethical standards are met. Poor transparency threatens mismanagement, corruption, or even health and safety issues. Even if not directly, then potentially through the supply chain. Organisations should consider contingency plans to manage these risks because of the potential reputational or financial consequences.

Building new stadiums

It is unlikely that even a small stadium could be wholly constructed in the off season. Therefore, organisations should consider whether to continue to play at their existing ground or share another stadium while construction of the new facility is ongoing. Use of an alternative stadium is subject to availability and may combine expensive rental costs with reduced ticket revenue. Additionally, where another stadium is to be used, the organisation may lose revenue on stadium tours or shop sales and should consider mitigating these losses. For example, some sporting organisations have offered monetised virtual tours displaying the polished result of the under-construction stadium.

Some stadiums are now being constructed using sustainable materials such as low-carbon steel or wood. Additionally, organisations have been utilising other innovative technologies to make a positive impact on the environment, enhance their brand reputation and enjoy economic benefits. New stadium designs have included on-site solar generation, rainwater harvesting, water recycling, and some have facilities to use waste heat from nearby industry.

Beyond the sport itself, organisations may undertake financial modelling that incorporates non-sporting income. New stadiums are increasingly seen as multi-purpose venues and organisations have been seen building stadiums with the aim of regularly hosting concerts and other sporting events such as boxing and NFL. For these additional income streams to be relied upon, organisations should ensure that all necessary local authority rights are in place in advance of the project completing.

However perhaps against the trend, Everton's new stadium was built with solely football in mind. The South Stand was purposefully built with a steep gradient of 34.99° , narrowly within the legal limit of 35° . This allows fans to be closer to the pitch, with the effect of maximising sound and enhancing match day atmosphere. Although for many organisations, prioritising atmosphere needs to be balanced with allowing enough space for other events to take place to incorporate a revenue stream. For example, concert organisers may require a venue which allows enough space for the movement of trucks inside the stadium. Organisations are increasingly having to design their new stadiums with competing interests, and careful planning and consultations with key stakeholders is essential.

Stadiums are often situated in urban areas and therefore can directly impact communities. For new stadium projects, collaboration with planning authorities may be required to meet social standards, which may lead to the construction of additional elements. Planning obligations (known as section 75 Agreements in Scotland and section 106 Agreements in England and Wales) are required for organisations to address the potential negative impacts of a development, such as increased traffic, strain on local services, or loss of green space. It may require a developer to enhance or build transport links, and/or to actively construct green spaces.

Adapting existing stadiums

Where an organisation is considering stadium works, regard should be given to whether upgrading the existing facility is more practical than building from new. It is estimated that new construction projects generally produce twice the carbon emissions when compared with retrofitting. Additionally, retrofit projects on average result in a 60% cost saving when compared with constructing new facilities. However, expanding an existing stadium can bring its own unique set of challenges. Some stadiums are situated close to local infrastructure, and expansion may be impossible or prohibitively expensive. Organisations also must balance preserving a historic ground against developing a new state of the art venue.

As the only sustained break in the sporting calendar for many football clubs, summer is generally the only time that significant upgrade works to existing football stadiums can take place. Whilst summer may offer the longest prolonged period for works, the timescale for any large project remains tight and clubs should put in place measures to mitigate time or schedule related risks whenever possible.

To meet such a tight deadline, prior preparation is key. Clubs should ensure that they work collaboratively with the Contractor to ensure that the programme is achievable, and that work begins at the earliest opportunity. Additionally, materials should be available prior to commencing works. Where materials are imported, sufficient time should be built into the programme to allow for supply chain or shipping delays, and that the materials are stored by the Contractor at the Contractor's cost. If the works are taking place in Scotland, the requirement for an off-site materials agreement should be considered.

During the early planning stages of the construction works, organisations should carefully decide what they want to adapt or introduce and should weigh up the various options to best achieve their goals. Each stadium project will bring its own set of unique circumstances.

Among other things, organisations should consider what additional measures can be included to maximise commercial revenue on match days. For example, could incorporating a larger club shop or introducing additional food and beverage concierges increase income?

Energy costs are a key expense for operating a permanent stadium. It is therefore prudent to consider if electricity generation capacity can be incorporated into existing facilities. For example, a number of rugby organisations including the Northampton Saints and Welsh Rugby Union have recently started installing solar panels on the roof of their stadiums. This has the added benefit of producing revenue for organisations.

Tournaments, irregular matches or atypically large events may demand additional requirements for stadiums. This could range from the construction of temporary amenities, event specific advertisements, or specialised broadcasting infrastructure.

The terms of the contracts with any supplier of the temporary infrastructure should be carefully drafted. For example, the Employer should ensure that the supplier of the materials is either directly responsible for the assembly of the temporary infrastructure or that they arrange to subcontract it. This ensures liability sits with the supplier for any faults or delays resulting from the building of the facilities. Storage costs should also be considered and should generally sit with the supplier.

Any broadcasted event would require specific contracts with broadcast partners. These agreements would concern specialised infrastructure such as broadcast towers, cabling or a bespoke television studio. Locations of such infrastructure should be given careful consideration and be expressly specified in the contractual arrangements to minimise any disruption.

Temporary infrastructure can also be an opportunity to maximise revenue streams. Organisations could potentially benefit from constructing a seasonal merchandise shop or adding additional food and drink vendors to take advantage of a surge in attendance.

Get in touch to discuss your development

If this guide has raised any questions you may have in relation to the construction or works at a sporting facility, please do get in touch. To find out more about our sports law expertise [click here](#), and to find out more about our construction and energy experience [click here](#).

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