

<b>CABINET</b>
<b>DATE: 24 June 2025</b>

<b>PART 1 REPORT - PUBLIC DOCUMENT</b>
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**TITLE OF REPORT: The Arena, Baldock**

REPORT OF: Principal Estates Surveyor

EXECUTIVE MEMBER: Executive Member for Enterprise.

COUNCIL PRIORITY: THRIVING COMMUNITIES

**1. EXECUTIVE SUMMARY**

The Arena, Baldock is let to Hitchin Town Community Football Club Ltd (HTCFC) for a term of 50 years expiring 9 July 2045.

A previous agreement with the club in respect of repayment of arrears and level of new rent was never finalised and the Council continued to invoice based on an historic rent review. The tenant continue to pay rent at a level it understood had been agreed.

The current artificial pitch is in poor condition and requires replacing at significant cost. To enable the club to secure grants and other funding they require certainty about the balance on the rent account and that historic rent reviews will not be implemented.

This report sets out proposals for dealing with the balance on the rent account; regularising underlettings; a new rent and details how future rent reviews will be assessed. This will enable the club to progress replacement of the pitch.

**2. RECOMMENDATIONS**

- 2.1. That the Council agrees to cancel (write-off or credit note) the outstanding balance on the rent account for the reasons outlined in the report.
- 2.2. That the user clause and alienation provisions in the lease be amended to allow for existing sublettings and licence arrangements to be regularised and provision for possible future sublettings.
- 2.3. That the Council agrees to accept a revised rent as outlined in the Part 2 report. Future 5 yearly rent reviews to be in line with the increase in CPI.

### **3. REASONS FOR RECOMMENDATIONS**

A previous agreement with the club in respect of repayment of arrears and level of new rent was never finalised and the Council continued to issue rent demands based on an historic rent review. The tenant paid rent on the basis of the new rent that they understood had been agreed. The uncertainty of treatment of the rent balance prevents the club from progressing with their financial plans to replace the pitch and invest in the site. The Council also needs to regularise the new rent, outstanding balance and authorise underlettings. It is in both parties interest to have clarity on the lease going forward, and for the future success of the club, its members and users of the facilities.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

The Council could take no action and allow the current situation to continue. This would lead to an increasing rent balance and outstanding rent reviews, in addition to unregulated sublettings. The club would be unable to secure and justify investment in the pitch replacement. The future income and viability of the club would be put at risk. This would not be in either the club's or Council's interests. The recommendations in this report are for these reasons.

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

The Executive Member for Resources and the Executive Member for Enterprise have been fully briefed and are in support of the recommendations.

The Ward Members for Baldock have been briefed in advance of this report.

### **6. FORWARD PLAN**

This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 17<sup>th</sup> April 2025.

### **7. BACKGROUND**

7.1. A significant part of the works to create The Arena were undertaken in the 1980s by volunteers from Baldock Town Football Club. In the early 1990s, a new lease of the Arena was granted to Baldock Town Football Club. By 1995, Baldock Town Football Club was in severe financial difficulties. It surrendered its lease to North Herts Council and the current lease was granted to Baldock United Football and Athletic Club Limited, a separate entity. The result of this was that the volunteers' works became part of the property demised to the new tenant and the improvements were rentalised on rent review under the current lease.

7.2. The lease was transferred to Hitchin Town Community Football Club Limited, the current tenant ("HTCFC"), in 2007. The tenant advises that with the support of the Football Association and Hertfordshire County Council the current pitch was installed in 2007 at considerable cost and has now been laid for 18 years. The pitch has been patch repaired since this date. On inspection it is evident there are tears and holes in the surface, and other areas where the existing pitch hollows and dips where the substructure has subsided.

- 7.3. The existing lease has around 20 years remaining. Rent reviews were due on 1st October 1996 and every 5 years thereafter. In 2013, HTCFC and the Council agreed to settle the outstanding rent reviews for 2006 and 2011. The rent review of 2006 had been referred to an Independent Surveyor and it was following the final settlement of these reviews in 2013 that the Club were made aware that the work carried out by volunteers could be considered on rent review under the existing lease.
- 7.4. The rent reviews due in 2016 and 2021 have not been actioned. A further rent review is due in 2026.
- 7.5. There has been significant communication and meetings with HTCFC stretching back to 2014 and by 2015 considerable arrears had built up following settlement of the outstanding reviews from 2006 and 2011.
- 7.6. A Guarantee and Indemnity Agreement and Rent side letter were sent to HTCFC in late 2018. Records indicate HTCFC had paid more than required by May 2019 and advised the Council in an email dated 6th June 2019 that, in their view, the Guarantee & Indemnity Agreement was no longer necessary as the Club had paid off the arrears. They requested a simple deed acknowledging that rent would remain at the lower figure suggested going forward, but this was not forthcoming.
- 7.7. The Club was impacted by COVID going into 2020 and for some time after that.
- 7.8. Having (under the revised agreement that they thought was in place) paid off the arrears by the middle of 2019, HTCFC then continued paying rent at the lower figure. Notwithstanding this, the Council continued to issue rental demands at the figure determined at review in 2011 leading to a substantial outstanding balance on the rent account.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. Several discussions, meetings and communications have taken place with the club over the years. This outstanding matter needs to be finalised and regularised to give certainty for the club and enable it to secure funding and invest in the pitch and facilities. The club have advised the cost to replace the pitch is circa £250,000. This should lead to improved bookings and use of the pitch, with associated revenue for the club.
- 8.2. Meetings have taken place with HTCFC over the course of the last year to discuss how best to deal with the situation and to see whether terms can be agreed to amend the existing lease and reach agreement. This included the potential to granting a new extended lease term. However, the primary concern for the club is certainty over the rental account balance and discussions on a potential lease renewal will be addressed at a future date.
- 8.3. HTCFC have indicated they can justify the investment in the pitch with the remaining 20 years on the lease. The proposed agreement with the club is a new rent with a rent review in 2031 and 5 yearly thereafter in line with the existing lease and based on CPI increases over the period. This will be recorded by Deed of Variation to the existing lease.
- 8.4. The Deed of Variation will also regularise sublettings/licenses that currently exist, with any associated widening of the user clause that may be necessary.

- 8.5. If HTCFC is unable to obtain funding based on the 20-year period of the lease that is remaining, it may be necessary to discuss a new extended lease term. If this is necessary, a revised report will be submitted with accompanying information from the funders concerned to justify the request and terms.
- 8.6. HTCFC have confirmed that they are in dialogue with Baldock Town FC about a shared aspiration for the club to return to Baldock (The Arena) from Arlesey to utilise all the facilities for both adults and youth. Baldock Youth already train at the ground. Proceeding with the recommendations in this report will enable the club to progress replacement of the pitch and helps in the joint wish to get Baldock Town F C back to playing at The Arena.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Local Government Act 1972 (s111) confirms that a local authority has the power to do anything (including in relation to finance and property) which is calculated to facilitate or is conducive or incidental to, the discharge of its functions.
- 9.2. The Cabinet may exercise the following functions by resolution at Section 5.7.10 of the Council's Constitution to write-off debts in accordance with the Financial Regulations. The Financial Regulations (paragraph 15.5 of section 19 of the Constitution) require Cabinet approval for write-off of debts over £10,000. The approval for a credit note (paragraph 15.4) would be the relevant Director and the Director of Resources. Consideration can be given to the correct treatment of the account balance as a write-off (non-receipt of a valid debt) or a credit note (reversal of an incorrectly raised debt), and it may be that different treatments could be applied to different parts of the debt. Given the value in question and the history, even if treated as a credit note, then Officers would refer to Cabinet for a decision. This is as per paragraph 14.6 e) which states that "[a]n officer may always refer a delegated decision to the Cabinet or Council or any of their respective Committees rather than make the decision".
- 9.3. The Terms of Reference at section 5.7.15 of the Council's Constitution states that the Cabinet may by resolution 'oversee the provision of all the Council's services other than those functions reserved to the Council.' The writing off of debts in accordance with the Financial Regulations is not a power reserved to the Council and therefore Cabinet can approve this proposal.

## **10. FINANCIAL IMPLICATIONS**

- 10.1. By approving the recommendations in this report, the Council will address the proposals for dealing with the balance on the rent account as outlined in the Part 2 report.
- 10.2. The revised rental payment going forward will be as outlined in the Part 2 report.

## **11. RISK IMPLICATIONS**

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. The documentation of the revised rent and cancellation of additional rent charges will enable the Club to seek funding for the replacement of the artificial pitch. There is, however, no guarantee that this will happen. However, this proposal will give the Club the opportunity to achieve this.
- 11.3. There is a potential risk of future rent arrears although this considered low, particularly while the club receive an income from sub-tenants on the site. Early dialogue with the club in such an eventuality, as with all commercial tenants, is the key to managing such situations. Careful consideration has been given to the appropriateness of cancelling out the arrears for the particular reasons outlined in this report.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are not considered to be any direct negative equality issues arising from this report.
- 12.3. Cabinet is asked to note the continued delivery of the projects and programmes contained within Hitchin Town Football Club's Football Development Plan outlined below.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Public Services (Social Value) Act 2013 and the Council's "go local" requirements do not apply directly to this decision as the proposal does not involve a procurement of services.
- 13.2. Hitchin Town Community Football Club is a 'not for profit' company managing and delivering the projects and programmes contained within Hitchin Town Football Club's Football Development Plan. This includes:
  - a College programme;
  - Coaching Clinics & Holiday Camps;
  - Schools Programme, Disability Football Programme; and
  - a Community Action Campaign.

Their stated mission is to use the power of football and sport as a tool for social change with a view to building a better future for the community of North Hertfordshire and seeks to provide better health and improved educational attainment.

## **14. ENVIRONMENTAL IMPLICATIONS**

Under the terms of the lease, the club are required to comply with all relevant legislative requirements for correct disposal and/or recycling of the old material and installation of the new pitch. The club are looking into different options for the pitch replacement, and environmental implications will be considered when the replacement project comes to fruition. The club will be encouraged to follow the current guidance available from Sports England in this regard.

## **15. HUMAN RESOURCE IMPLICATIONS**

No direct Human Resource implications have been identified for this report.

## **16. APPENDICES**

None

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

18.1 None