

New Lease Edgar Street Football Ground

Decision maker: Cabinet member community services and assets

Decision date: 30 May 2024

Report by: Senior Estate Manager

Classification

Part exempt Part will contain commercially sensitive information.

This report is open but appendix 2 is exempt by virtue of the paragraph(s) of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A of the Local Government Act 1972, as amended.

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Decision type

Non-key

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Widemarsh;

Purpose

The purpose of this report is to approve the grant of a new lease for a term of forty years from 1st August 2030, interim arrangements are to surrender part of the existing lease and grant a short term lease until the 31st July 2030 over the Merton Meadow end (northern part) of the site.

The new lease arrangements will support the Hereford football club (HFC) in drawing down funding to enable new floodlights to be put up. In addition, the surrender part of the existing lease will facilitate the demolition of the Blackfriars end of the site.

Recommendation(s)

That:

- a) A new lease for a term of forty years is granted from 1 August 2030 surrender of part of the existing lease and short term lease at the northern end of the site, in accordance with the agreed key terms in Appendix 2;**
- b) Finalisation of the heads of terms for the new lease, interim arrangements and all operational decisions relating to the above recommendations be delegated to the Director for Economy and Environment in consultation with the cabinet member for community and assets**

Alternative options

1. Do nothing: This is not recommended as the current length and terms of the existing lease does not allow for HFC to take advantage of external funding opportunities as they become available. There is currently opportunities for funding through the football foundation who require security of a long lease. The length of the new lease confirms Herefordshire Councils commitment to retaining football in the city council and enables long term investment of the remainder of the facilities'
2. Renew lease on the same terms: This is not recommended as the current length and terms of the existing lease is not sufficient to take advantage of external funding opportunities as detailed above
3. Not renew the lease: Although termination will give the council vacant possession of the site, This is not recommended because the council is committed to supporting the retention of football in the county and without an alternative location being identified the decision to not renew the lease would impact the ability of the club to meet the tenure requirements of future funding opportunities as detailed above

Key considerations

4. In December 2016, the decision was made to grant HFC a new ten year lease from 2020, [CM report - Grant of new lease on Edgar Street stadium to Hereford Football Club Ltd - final version.pdf \(herefordshire.gov.uk\)](#)
5. Between 2014 and 2016, the club had invested £200k into the property asset. Under the terms of the existing lease, the club will also benefit from a deferred 24 month rent free period from 2027 on evidence that a further £60k has been invested.
6. HFC have complied with all of their current lease terms to date and approached the council for a longer term lease to enable them to plan and secure investment and funding into the facilities and the business.
7. There have been ongoing discussions with the football foundation to draw down funding into the site and the key terms aligns with their requirements. The draft lease documentation will be shared with them for their approval to assure it aligns with their requirements. The longer term

gives assurance to any funders, allows a planned investment and confirms the commitment of the council to the long term future of HFC.

8. The council has committed funds to demolish the currently unsafe and unusable area at the Blackfriars end of the stadium, which is excluded from the HFC current lease. Works are due to be undertaken over the 2024 summer period. HFC have also agreed to surrender the old public toilets, which is currently part of their existing lease to support the demolition and redevelopment.
9. The council have agreed that HFC can lease the northern area of the site known as the Merton Meadow compound end to enable them to relocate the grounds maintenance equipment, the sprinkler system and install a new emergency access. This will be a short term excluded lease, on the same terms as the existing lease until 31st July 2030, when it will then be rolled into the proposed new lease from 1st August 2030.
10. As part of the redevelopment of the Blackfriars end, the council and its development partner will work with HFC to ensure that a new stand is included within the new development to enable HFC to operate a four sided stadium. The future operational agreements of the new stand will be subject to further governance decisions.

Community impact

11. Considerable community impact and benefit will be achieved by securing the tenant's continued occupation of the stadium.
12. The club operate a programme of activities to engage with the community including, Junior Bulls under 16's membership, designated family stand, player hospitality and school visits, venue hire to various local businesses and organisations for training, hospitality and social events.
13. The proposed grant of a further 40 year lease will support the following Council plan (2024 - 2028) objectives:
 - a. Enable residents to realise their potential, to be healthy and benefit from communities that help people to feel safe and supported
 - b. Protect and enhance our environment and ensure that Herefordshire is a great place to live. We will support the right housing in the right place and do everything we can to improve the health of our rivers.
 - c. Create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development and provide the right infrastructure. Be an efficient council that embraces best practice, delivers innovation through technology and demonstrates value for money.

Environmental Impact

14. The tenant will be responsible for meeting its own legislative environmental commitments.
15. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors

we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

16. The development of this project has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance through both landlords and tenant works.

Equality duty

17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. The Hereford FC Disabled Supporters Association (DSA) was formed to encourage supporters with all forms of impairment to attend matches at Edgar Street. The HFC DSA takes the lead in supporting disabled supporters on behalf of HFC. The HFC with the DSA can provide blankets, wheelchair aids and has wheelchair accessible areas under cover in the stands as well as space for accessible seating, a lift and disabled toilets.
19. The HFC has a Customer Charter in place that sets out their policies in relation to customer service, staff conduct, anti-discrimination and equal opportunities.
20. The design and layout of the new stand is yet unknown, but HFC will be working with the DSA and supporters trust to deliver something that is compliant with the duties under the act.

Resource implications

21. The council currently receives a rental income for the site of £10k per year.
22. The new lease will start on the current rent, but allows for an uplift in rental income in accordance with fair market terms based on its use and takes into account the average change overtime in prices. It is very difficult to value the site on full open market rates. Consideration has been given to the existing rental provisions, inflation and the community impacts that HFC bring to the county.
23. Minimum rental income over the 40 year term is in excess of £400k.
24. The lease is a on a full repairing basis so there is no draw on revenue or capital expenditure other than those identified in the report. The obligations will be subject to an agreed updated condition report.
25. The decision dated 1 March 2023 approves the demolition of the Blackfriars end of the site as part of the property services estate capital programme, link to the decision is [Decision -](#)

[Property services estates capital building improvement programme 2023/25 - Herefordshire Council](#)

26. The decision dated 29 February 2024, approves the next steps to procure and appoint a development partner to undertake a business case assessment of proposed student accommodation at the site (managed under a separate project), link to the decision is [Decision - Student Accommodation in Hereford City - Herefordshire Council](#)

Legal Implications

27. Local Authorities have powers under Section 123 of the Local Government Act 1972 to dispose of land but they should be able to demonstrate that they have achieved the best consideration reasonably obtainable, unless consent is obtained from the Secretary of State or the disposal satisfies the General Disposal Consent (England) 2003. In addition, if the rent is less than market rent consideration should be given as to whether the reduced rental could be considered to be a subsidy in accordance with the Subsidy Control Act 2022. If the site comprises open space, s123 (2A) of the Local Government Act 1972 will be required to be complied with.

Risk management

Risk / opportunity	Mitigation
The lease does not complete.	There has been extensive talks with the tenant and they are committed to the site. The current lease is an excluded lease and the council can get vacant possession of the site.
Reputational risk to the council if the tenant or the council does not renew the lease	The site is a valued asset in Hereford. The tenant wishes to stay in Hereford and the proposed new terms gives them the long term security and flexibility.
The tenant does not succeed and goes into administration.	The tenant has a 10 year proven record of investment and sound management planning. The new proposed lease terms are fair and proportionate to supporting the tenant.

The council loses a potential development site.

The council is committed to keeping football in the city at its current site. No alternative locations have been identified.

Consultees

28. The ward member has been consulted and is supportive of the proposal.

Appendices

Appendix 1: Interim lease arrangements

Appendix 2: Agreed key terms.

Appendix 3: Final lease plan

Background papers

None

Report Reviewers Used for appraising this report:

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Please include a glossary of terms, abbreviations and acronyms used in this report.