

Property Cromer Promenade – Rent Review	
Executive Summary	<p>There is a rent review provision within the lease for a property on Cromer promenade which allows the Council to increase the rent to market value.</p> <p>Officers have carried out a market assessment to determine the open market rent of the property as set out in the exempt appendix. The proposed rental level is therefore considered to achieve best value.</p>
Options considered.	<ul style="list-style-type: none"> • Keep rent the same. • Increase rent review to market value.
Consultation(s)	<p>Tenants Cllr. Lucy Shires – Portfolio Holder for Finance, Estates & Property Services Cllr. Tim Adams – (Local member) Cllr Jill Boyle – (Local member)</p>
Recommendations	<p>Cabinet Resolution required.</p> <ul style="list-style-type: none"> • To approve the proposed rental increase outlined in the exempt appendix. • To delegate authority to the Asset Strategy Manager to sign the rent review memorandum.
Reasons for recommendations	<p>To support the Council's Corporate Plan objective in managing the Council finances and contracts robustly.</p> <p>To comply with the Council obligation under the Section 123 of the Local Government Act to achieve best value.</p>
Background papers	NA

Wards affected	Cromer Town
Cabinet member(s)	Cllr. Lucy Shires – Portfolio Holder for Finance, Estates & Property Services
Contact Officer	Milo Creasey, Estates Surveyor Trainee milo.creasey@north-norfolk.gov.uk Renata Garfoot, Asset Strategy Manager renata.garfoot@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	A strong responsible and accountable Council
Medium Term Financial Strategy (MTFS)	Proposal will generate long term financial revenue income to the Council.
Council Policies & Strategies	Asset Management Plan 2018 - 22

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	NA
Details of any previous decision(s) on this matter	Surrender and renewal to the current lease was agreed by Cabinet on 03/08/2020

1. Purpose of the report

- 1.1 The purpose of the report is to seek Cabinet approval to complete a rent review in accordance with the lease terms for this property and the Asset Management Plan.

2. Introduction & Background

- 2.1 The property, an amusement arcade, is located in a prime location on Cromer promenade.
- 2.2 The lease for the property was agreed by Cabinet on 03/08/2020 for a period of 20 years commencing on 05/03/2021. The lease allows the Council as landlord to review the annual rent to an open market level in April on every fourth year within the lease term.
- 2.3 This report outlines the proposed rent review that was due on the 1st of April 2024.
- 2.4 Officers have had negotiations with the tenant and an increased rent has been agreed in principle, subject to Cabinet approval.

3. Proposals and Options

- 3.1 It is proposed to increase the rent to be in line with market rents as outlined in the exempt appendix.
- 3.2 The alternative option was to not increase the rent. This option was discounted as the new rent proposed is in line with market rents which have increased since the lease was agreed.

4. Corporate Priorities

- 4.1 This proposal aligns with the Council's Corporate plan priority to create a strong, responsible and accountable Council by providing increased revenue income.

5. Financial and Resource Implications

- 5.1 Officer resource is required to process the rent review.

Comments from the S151 Officer:

Any increase in rent will contribute to improving the immediate financial position and over the life of the Medium-Term Financial Plan.

6. Legal Implications

- 6.1 The rent review has been carried out in accordance with the terms of the lease agreement.
- 6.2 If approved by Cabinet, the rental increase will be documented by a memorandum to be signed by both parties.

Comments from the Monitoring Officer

So as to achieve best value in accordance with the Council's obligations, there has been a market assessment resulting in this proposed rental increase as part of the rent review.

7. Risks

- 7.1 See exempt appendix.

8. Net Zero Target

- 8.1 The recommendation has no additional impact on the Council's Net Zero Strategy as the building is exiting with no operational changes; the lease is a ground lease only, with the tenant owning the building and structures on the site.

9. Equality, Diversity & Inclusion

- 9.1 There are no equality, diversity and inclusion implications identified with this proposal.

10. Community Safety issues

- 10.1 There are no community safety issues implications identified with this proposal.

11. Conclusion and Recommendations

- 11.1 Under the terms of the lease the Council has a rent review provision for this property which allows the Council to increase the rent to the current market value.
- 11.2 Officers have carried out a market assessment to determine the open market rent of the property as set out in the exempt appendix. The proposed rental level is therefore considered to achieve best value.
- 11.3 It is recommended that Cabinet approve the proposed rental increase and delegate authority to the Asset Strategy Manger to sign the rent review memorandum.