

Rocket House, Cromer – Proposed new Long Term Lease agreement–	
Executive Summary	<p>The RNLI is a tenant at the Rocket House, Cromer, from where it has operated the Henry Blogg Museum. The organisation gave notice to the Council of its intention to vacate the premises in July 2024.</p> <p>To enable the RNLI to remain in occupation over the peak summer visitor period, a short-term temporary lease until 31 October 2024, was agreed. Thereafter the Council has agreed a programme of major works at the Rocket House to address the damp issues which it is proposed be completed over the winter and spring period, with the refurbished property being available for re-occupation from the summer of 2025.</p> <p>This report considers the terms under which a new long-term lease between the Council and RNLI might be agreed allowing the charity to re-occupy space on the ground and first floors of the Rocket House for the Henry Blogg Museum once the programme of works to the building are complete.</p>
Options considered	<p>Following previous Cabinet decisions, refurbishment works to address the long-term damp issues at the property are to be undertaken during the forthcoming winter and spring period, extending the life of the Rocket House building.</p> <p>In terms of the future lease of space on the ground and first floors of the Rocket House building the following options have been considered:-</p> <ol style="list-style-type: none"> 1. To obtain a market valuation and commence negotiations for a new long-term lease with the RNLI – recommended. 2. To advertise the vacant ground and part of the first floor demise on the open market to demonstrate best value – not recommended.
Consultation(s)	Local Members
Recommendations	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Delegate authority to the Asset Strategy Manager (ASM) to arrange for an independent rental valuation of the space previously occupied by the RNLI so as to inform future negotiations for the long-term lease of these parts of the Rocket House building. 2. Request that the ASM undertakes additional enquiries as to the social, economic or environmental factors, as detailed in the General

	<p>Disposal Consent Order 2003, prior to agreeing a new long-term lease with the RNLI.</p> <p>3. Delegate authority to the ASM to enter into negotiations for the long-term lease of the premises</p> <p>4. To prepare a further report to Cabinet once negotiations with the RNLI are finalised to:</p> <ul style="list-style-type: none"> • Ensure Cabinet are satisfied that one or more of the General Disposals Consent Order 2003 criteria is met, • Inform the outcome of negotiations as to rent proposed, • Inform of the proposed lease Heads of Terms
Reasons for recommendations	To provide an opportunity to the RNLI tenant, subject due governance and successful negotiation, to return to the building, under a long-term lease following completion of repairs.
Background papers	N/A

Wards affected	Cromer Town and Suffield Park
Cabinet member(s)	Cllr L Shires, Cllr H Blathwayt, Cllr A Varley, Cllr L Withington
Contact Officer	Renata Garfoot Asset Strategy Manager. Renata.Garfoot@North-Norfolk.gov.uk

Links to key documents:	
Corporate Plan:	Investing in our local economy and infrastructure A strong responsible and accountable Council
Medium Term Financial Strategy (MTFS)	There are no savings or efficiencies made with this proposal
Council Policies & Strategies	Asset Management Plan 2018 - 2022

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	There is no exempt appendix with this report.
Details of any previous decision(s) on this matter	Cabinet – 15 th April 2024, Cabinet - 13 th May 2024

1. Purpose of the report

- 1.1 The purpose of the report is to seek approval to enter negotiations for the long-term lease with the existing RNLI tenant for occupation of parts of the Rocket House, Cromer

2. Introduction & Background

- 2.1 The Rocket House Building, Cromer is a mixed-use property with museum, café, public toilets, and lift, which is situated on the East promenade. The building is in need of repair, energy efficiency and net zero improvements. Having obtained detailed surveys and investigation of the building, it was agreed at the Cabinet meeting of 15th April 2024 to allocate the existing capital budget to address those repair issues and to undertake net zero and energy efficiency improvements. A detailed programme and scope of works in relation to this is now being prepared.
- 2.2 Also, at that Cabinet meeting officers were granted authority to commence negotiation of terms for a new lease with the existing RNLI tenant, with a further report back to Cabinet in accordance with governance procedures.
- 2.3 A report was presented to Cabinet on 13th May 2024, seeking authority for a short-term temporary lease, currently due to expire in October 2024. This would enable the RNLI to operate the museum during the current visitor season with the programme of repairs to the building being undertaken thereafter. This short term lease is now in place.
- 2.4 Early discussions with the RNLI regarding a longer-term lease are underway. If negotiations are successful, and subject to the Council's governance obligations, this would allow the Henry Blogg museum to return to the building, once the programme of works are complete

3. Proposals and Options

- 3.1 Following completion of the repairs and improvements in 2025, the the RNLI have confirmed they would wish to agree a longer-term lease to allow their Henry Blogg Museum operation to return to the building.
- 3.2 Initial lease terms have been proposed by the RNLI on a similar basis to their previous lease of the property in the period from 2019 to 2024. Officers need to consider this proposal and will seek to negotiate the best terms possible for the Council. in accordance with the Council exercising its fiduciary duty and complying with best value requirements.
- 3.3 Officers therefore seek Cabinet authority to obtain an independent rental valuation of a lease of that part of the building to be occupied by the RNLI museum, which, once completed, will enable Members to further consider the authority's position with respect to a longer-term lease proposal so as to demonstrate compliance with the General Disposals Consent order 2003. This approach would recognise that the RNLI had been a partner of the Council in the development of the Rocket House building and contributed £375,000 at the time of its original construction, securing a long occupation of parts of the building for a museum recognising the history of the RNLI in Cromer; whilst acknowledging that the Council as landlord has significant ongoing

responsibilities for the repair and maintenance of the Rocket House building, the costs of which cannot be expected to be met on an ongoing basis by District Council tax payers. Some agreement therefore needs to be reached with the RNLI as to the future terms under which the charity would continue to occupy space within the Rocket House development.

- 3.4 Alternatively, the Council could advertise the property on the open market to establish demand for a letting of that part of the property and to demonstrate best financial value.
- 3.5 Other options for the building, including a disposal have previously been presented to Cabinet and are now discounted as a decision to repair and improve the premises allowing for future occupation has been agreed by Cabinet.

4. Corporate Priorities

- 4.1 This proposal aligns to the following Corporate Plan priorities:
- 4.2 Investing in our Local Economy and Infrastructure by continuing to promote North Norfolk's diverse tourism and visitor offer.

5. Financial and Resource Implications

- 5.1 The initial proposed lease terms from the RNLI, are based on the existing lease, however as the Council is now intending to invest £1m into the repair and improvement of the building, the authority needs to carefully consider the terms of any new lease so that future costs of the building are shared equitably between occupiers through agreement of new rental and service charges.
- 5.2 Other terms and conditions relating to the occupation of the building and vacating at the end of the lease will also need to be considered.
- 5.3 The Council has a duty under s.123 Local Government Act 1972 to obtain best value. The starting position is that best financial consideration be obtained from the Council's property assets, though a departure from this may be permitted in certain circumstances, including where it is considered that the disposal of an asset through sale or lease is likely to achieve one of the objectives in the General Disposals Consent Order 2003, one of which is where the disposal is likely to contribute to the promotion or improvement of social, economic or environment well-being, in the whole or part of its area, of all or any residents in its area.
- 5.4 An independent valuation of the premises for lease purposes is therefore to be commissioned as part of the governance process.

Comments from the S151 Officer:

The S151 Officer (or member of the Finance team on their behalf) will complete this section.

As the Section 151 Officer, I have a responsibility to ensure that best value is obtained from the use of our assets. If the Council departs from this best consideration position, it needs to be able to demonstrate that this was a

legitimate course of action agreed by members through the Council's governance framework (ie this is not an officer decision).

6. Legal Implications

- 6.1 Eastlaw are able to advise on lease terms and have previously provided advice regarding the Council's public law obligations for the lease of the premises.
- 6.2 Local Authorities are expected, under the Local Government Act 1972, to dispose of land (which includes leasing) for the best consideration that can reasonably be obtained. Best consideration is not limited to the purchase price or rental value but may include a term or condition attached to the disposal which identifies a specific commercial benefit to the vendor.
- 6.3 Departures from the best financial value principle, require consent from the Secretary of State, or must be in accordance with the LGA 1972 General Disposals Consent Order 2003. This Order permits the Council to consider a lease disposal at less than best financial consideration if there are clear environmental, social or economic benefits and that the 'under value' is less than £2,000,000.
- 6.4 There is a requirement to comply with subsidy control rules.
- 6.5 Where departing from the best value requirement, and relying on the General Disposals Consent Order, there must be clear grounds identified to do so.

Comments from the Monitoring Officer

The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.

The Council has a fiduciary duty to deal prudently with its assets, and the starting position is that it is required to obtain best consideration. The General Disposals Consent Order 2003 does allow departure from that starting position, but the grounds are limited. Members should only depart from seeking best consideration where the disposal is likely to contribute to the achievement of the promotion or improvement of economic, social or environmental well-being for the area or all/any persons resident or present in the area. The recommendations in this report enable such enquiries to be made with a view to protect the Council's position.

7. Risks

- 7.1 Typical lease risks apply regarding arrears, dilapidations issues at the property and this can be mitigated with good asset management.

8. Net Zero Target

- 8.1 The Rocket House property and tenant are accounted for in the Council's current carbon emissions, and it is expected that with energy efficiency improvements being undertaken to the building as part of the programme of repair works that a reduction in carbon emissions will be achieved.
- 8.2 A Climate Impact Assessment has been undertaken regarding the lease proposal, which highlights opportunities for the use of sustainable materials as part of the improvement works.
- 8.3 Green clauses within the lease regarding the tenants taking measures to reduce energy consumption will be added to the new lease.

8.4 A decarbonisation action plan to Net Zero for their operations in the building is a further mitigation.

9. Equality, Diversity & Inclusion

9.1 There are no equality, diversity & inclusion impacts with this proposal.

10. Community Safety issues

10.1 There are no community safety issues with this proposal.

11. Conclusion and Recommendations

11.1 The RNLI is an existing tenant at the Rocket House, Cromer from where it operates the Henry Blogg Museum. This charitable organisation gave notice to vacate the premises in July 2024 and a short-term temporary lease until 31 October 2024, has been agreed. This lease enables the RNLI to remain in occupation over the summer period.

11.2 Following completion of the repairs and improvements in 2025, the Rocket House building will be available for re-occupation and the RNLI have confirmed they wish to agree a longer-term lease to return to the building to continue their museum service.

11.3 It is recommended that Cabinet:

1. Delegate authority to the Asset Strategy Manager (ASM) to arrange for an independent rental valuation of the space previously occupied by the RNLI so as to inform future negotiations for the long-term lease of these parts of the Rocket House building.
2. Request that the ASM undertakes additional enquiries as to the social, economic or environmental factors, as detailed in the General Disposal Consent Order 2003, in agreeing a new long-term lease with the RNLI.
3. Delegate authority to the ASM to enter into negotiations for the long-term lease of the premises
4. To prepare a further report to Cabinet once negotiations with the RNLI are finalised to:
 - Ensure Cabinet are satisfied that one or more of the General Disposals Consent Order 2003 criteria is met,
 - Inform the outcome of negotiations as to rent proposed,
 - Inform of the proposed lease Heads of Terms