

## **CROMER, MELBOURNE SLOPE FORMER TOILETS – PROPOSED LETTING**

**Summary:** The Council owned former Public Toilets at the Melbourne Slope in Cromer closed several years ago and new facilities were developed elsewhere on the promenade. The currently vacant property has been widely advertised to let over the course of the month of April 2021 using Right Move, facebook & Twitter with a link to marketing particulars on the NNDC Property website page.

**Options considered:** Following that exposure six proposals were received and this report outlines the options available to the Council to bring the building back into use and then outlines the potential benefits and risks of doing so.

**Conclusions:** The six proposals received by the Council from businesses interested in renovating and leasing the building have been summarised in this report and a recommendation put forward.

**Recommendations:** **It is recommended that Cabinet should make a resolution to allow the Estates team to continue discussions with the preferred party and to finalise terms and to execute the letting. Should any further material changes be made to either the proposal or the proposed tenant then any decision should be delegated to the s151 officer in consultation with the portfolio holder.**

**Reasons for Recommendations:** This recommendation is being made in order to provide the Estates team with the remit to progress negotiations with the preferred party and to secure the best deal possible to secure an early lease completion.

### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

Cabinet Member(s); Cllr      Ward(s) affected; Cromer  
Eric Seward

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## 1.0 Introduction and background

- 1.1 The Melbourne Slope Toilets are located in a prime location on Cromer west promenade north of the Melbourne Slope, see plan below. They are of brick construction with a high concrete flat roof.



- 1.2 They were decommissioned in 2017/18 due to high maintenance costs following which the opportunity for a new modular unit to be developed in the West Promenade as part of a wider development project.
- 1.3 Since this time they have been use as informal none income producing storage space for both the Council and Openwide but have recently been cleared to allow for marketing and viewing of the property.
- 1.4 The building as a whole has an approximate floor area of 80 m<sup>2</sup> (861 sq.ft) and is accessible from the promenade with steps leading to a roof terrace with amenity seating. The steps continue up the cliff to the retail area of Cromer.
- 1.5 It is in close proximity to several buildings/structures that have been listed by Historic England - Cromer Pier, the sea defences, Jetty Cliff, properties on New Street, and terraced beach chalets.
- 1.6 The building with its iconic archways consists of a tall single storey property built into the cliff and with rendered brick walls to the front and sides. The majority of the building extends to the front of the cliff face with a rear area in the form of an arched chamber constructed into the cliff face. The building is plastered internally, has a concrete floor tile covering throughout a woodchip false ceiling in timber baton frame hung from original arched brick and steel beamed with flat shuttered concrete asphalt coated above forming a flat

platform used as public viewing and seating area which is well used.

- 1.7 Due to the level of investment required to bring this building back into use and the current inability of the Council to borrow funding for commercial development, the Estates team have marketed the premises as an opportunity for tenants who would be willing to undertake refurbishment works at their own cost as part of an agreement to lease over the premises. The premises were marketed as an investment opportunity throughout April.
- 1.8 There was a good level of interest from existing businesses in Cromer and prospective new businesses from the wider area. Six of these businesses have submitted formal expressions of interest which include details of their proposed business, the level of capital investment they are able to put forward and the level of rent they are ultimately willing to pay for the premises.
- 1.6 This report outlines these six applicants and their proposals – some of the applicants have provided a very detailed proposal whilst others are more limited (see Appendix A).

## **2. Current Position**

- 2.1 This building currently generates no income for the Council and the building adds no amenity to the promenade other than a tired albeit aesthetic façade. The Council currently has an obligation to pay business rates and insurance costs for the premises.
- 2.2 The building had been deteriorating for many years prior to its closure as a public toilet block. There are problems with damp internally from the ingress of water from the cliffs. Whilst we believe that the structure of the building is very solid and stable, if no repairs or ongoing maintenance is done to the building it will eventually deteriorate to the point that the structure and roof seating may become compromised.

## **3. Options**

- 3.1 It is advised that the option to do nothing and allow this building to continue to deteriorate should be discounted as this will lead to high costs in the future. The option for the Council to renovate the building into a 'shell condition' for letting has also been discounted due to the high capital costs involved and the difficulty of sourcing necessary funding.
- 3.2 Advertising the building on the market as an investment opportunity has resulted in the six businesses expressing formal interest to bring the building back into use. The building has been marketed with a suggested term of 20 years and with prospective tenants being responsible for the renovation of the premises and all associated costs.

## **4. Corporate Plan Objectives**

### **4.1 Contribution to Corporate Plan Objectives**

By bringing this building back into use the Council will meet the following Corporate Plan objectives:

### **4.2 Boosting Business Sustainability and Growth**

This building is in a prime location on Cromer promenade and could offer a new or existing business an excellent opportunity to generate income.

#### **4.3 Financial Sustainability and Growth**

Allowing a new business to invest their own money to develop this building with the incentive of a long commercial lease and possible rent free period allows the Council to facilitate bringing this building back into use without putting forward substantial capital funds. It is anticipated that after any initial rent free incentive period is over this building could generate an annual rental income for the council of between £8,000 and £10,000 per annum depending on the tenant and use. The buildings running costs including, insurance, rates, internal repairs and maintenance can also be passed to the tenant.

#### **4.4 Quality of life**

Depending on the use of the premises this building could further add to the amenity and aesthetics of Cromer promenade.

#### **4.5 Medium Term Financial Strategy**

The premises are surplus and create no income for the Council. Letting the premises creates the potential to generate an annual income of up to £10,000 per annum, which is £200,000 over the course of a 20 year lease minus any rent free incentive that is agreed with the tenant to renovate the premises. Any income generated from this building would be an entirely new income source for the Council and a lease could also pass other ongoing cost to the tenant.

#### **4.6 Financial and resource implications**

As the intention here is that the ingoing tenant invests in refurbishing the premises there will be no requirement for the Council to fund any capital expenditure although there may be some professional and legal fees for the Council to pay.

As noted above in 4.2, letting the premises provides the potential to generate up to £10,000 per annum in rental income after any rent free period.

Over the course of any lease there could be the opportunity to review and revise the rent upwards depending on the market conditions.

Staff resource requirements include: negotiating lease terms with tenants, producing legal documentation, managing the redevelopment process, and managing the lease once in place.

#### **4.4 Legal implications**

Any refurbishment by tenants will be through a formal Agreement to Lease the Lease, including a full specification of tenants works and legal rights will be granted to the tenant business through a lease for the agreed term.

#### **4.5 Communications**

The premises were widely marketed on right move, the Council's social media and on the Council's website. A large advertising board was erected on the building frontage along with two smaller boards on the West Cliff.

#### **4.6 Risks**

See Appendix A

#### **4.7 Sustainability**

The ongoing sustainability of the premises has been considered and the considered best option is for the premises to be re-used as recommended.

#### **4.8 Climate / Carbon impact**

These matters will be considered once we have progressed with the chosen operator

**4.9 Equality and Diversity - N/A**

**4.10 Section 17 Crime and Disorder considerations - N/A**

**5.0 Conclusion and Recommendations**

**5.1** Whilst the six proposals are generally similar in their proposed use it is clear that certain applicants have provided much more information and given greater thought and effort to their proposals

**5.2** The opportunity to see considerable investment in the property by a third party tenant has been provided to the Council with a range of applicant types, all of whom are local to the area and some of which have existing track records in business.

**5.3** Notwithstanding this, the over-riding and determining factor from an Estates point of view would be to encourage new investment in the promenade from operators that can provide something different in terms of the offering and that would complement the existing offerings nearby.

**5.4** All matters considered, the recommendation from Estates is that negotiations are pursued with the preferred party for the healthy food café option. This proposal would add to the range of offerings on the promenade and chime with the current and most likely enduring demand for a more local and healthy food and beverage based option. The health food café option is also the operation that would least impact on existing businesses in this location. In those negotiations we would endeavour to seek the best financial terms but this will depend upon the applicants' more detailed financial business plan.