

POLICY AND RESOURCES COMMITTEE - 6 JULY 2015

PART I - DELEGATED

17. UPDATE ON CURRENT LEASE ARRANGEMENTS FOR BASING HOUSE (DCES)

1. Summary

1.1 The following report provides an update on the current lease arrangements for Basing House. The only current lease for the building is with the Three Rivers Museum.

2. Details

2.1 Basing House is situated within Rickmansworth town centre adjacent to the Three Rivers House Council offices. The building was built in 1740 and a house on the site was once occupied by William Penn. The building served as Council offices until Three Rivers House was built in the early 1990s. Currently the Three Rivers Museum occupies a small area of the ground floor. The remaining ground floor rooms are still used by Three Rivers District Council as training rooms and offices on an occasional basis. The rooms on the upper floors are currently unused office space, which is surplus to the Council's requirements. No business rates are paid for the upper floors.

2.2 Currently the Museum occupies three of the ground floor rooms on a five-year lease. The current lease only provides the Museum with the use of two rooms. However, a third room was offered to the Museum outside of the lease as a gesture of goodwill after it was found that the Museum had begun to occupy several of the upstairs rooms in Basing House for storage without the Council's consent. In addition to providing the additional room, the Council supported the Museum by providing officer support to help move items and to erect new shelf storage.

2.3 The Museum has currently been issued a five-year lease that requires them to pay TRDC £100 per annum rent. The lease requires the Museum to undertake all repairs and maintenance internally within the curtilage of the lease boundary. The downstairs hallways and front entrance are outside of the lease boundary and all repairs and maintenance to these areas are undertaken by the Council. The lease comes to an end in September 2015 and the Museum has already requested that the lease be renewed. The Council also currently pays for the Museum's business rates at a cost of £5.2k per annum. This is a separate arrangement and is not detailed within the lease.

2.4 The Museum currently does not pay for gas and electricity and there is no separate meter for the Museum. Gas and electricity for Basing House in total was approximately £4k during 2014/15; the majority of this would have been due to the Museum use.

2.5 An application from the Three Rivers Museum to nominate Basing House as an Asset of Community Value was received by the Council in 2015. The application was rejected on the basis that the Museum currently occupies less than 20% of the whole building, meaning that the application did not meet the requirements. The proposal also included the garden area outside Basing House which is used by Council staff in the summer.

2.6 The Museum has also recently put a proposal to the Council requesting that the Museum takes over the whole ground floor. The Museum has proposed that it could offer a rent to the Council of £2k per annum. No proposal was made in

respect of the business rates. In parallel the Museum also launched a petition with an open letter to the Council requesting more space on the ground floor. The petition currently has over 60 signatures.

2.7 Due to the current financial pressures that the Council is facing it is suggested that the Three Rivers Museum may need to enter into more of a commercial arrangement with the Council in order to continue leasing its current space and before the Council considers allowing it to expand further into the ground floor.

2.8 There is also currently a proposal to use Basing House and the ground floor of the east wing of Three Rivers House as a Business Hub. Three Rivers are currently exploring this option with Watford Enterprise Agency (Wenta) as the provider. It was agreed at the Sustainable Environment Planning and Transport Committee on 9 June 2015 that the project should progress. Wenta has agreed that the proposal can still be progressed with the Museum in residence in its current location but without it expanding any further.

3. Options/Reasons for Recommendation

3.1 Currently the Council is paying up to £9.1k net per annum to allow the Museum to occupy part of Basing House. This is in addition to repairs and maintenance undertaken to the downstairs communal areas and front entrance to the building that is carried out by the Council and is solely required because of the Museum's residence.

3.2 The Council recently had Basing House independently valued for both commercial and residential use. A copy of this report is included in Appendix A. Members should please note that if they wish to consider this appendix they will need to move into Part II business for the reason set out on the cover sheet attached to the appendix.

3.3 In total this means the Council is notionally currently subsidising the Museum by a total of £28.1k per annum, plus repairs and maintenance undertaken to the downstairs communal areas and front entrance to the building.

4. Policy/Budget Reference and Implications

4.1 The recommendations in this report are within the Council's Asset Management Plan for 2015 to 2018.

5. Financial Implications

5.1 Detailed in the body of the report.

6. Legal Implications

6.1 The Lease to the Museum is contracted out of the provisions of the Landlord and Tenant Act 1954 so that the Museum does not have a secure business tenancy and the right to have the Lease renewed at the end of the current term. This is an important provision to protect the Council's long term interests.

6.2 Informal arrangements to occupy additional rooms at Basing House are not advised unless there are proper and adequate legal safeguards included to ensure the Council can obtain vacant possession.

6.3 Generally the Council is under a statutory duty to achieve Best Consideration when disposing of an interest in its land but there are exceptions to that including where the Lease is for a short term

7. Equal Opportunities Implications

7.1 Relevance Test

Has a relevance test been completed for Equality Impact?	No
Did the relevance test conclude a full impact assessment was required?	N/A

8. Risk Management and Health & Safety Implications

8.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

8.2 The subject of this report is covered by the Regulatory Service Plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

8.3 The following table gives the risks if the recommendations are agreed, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
1	The Museum is no longer able to lease space in Basing House	II	C

The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
2	The Museum will continue to occupy Basing House at a cost the Council.	II	A
3	Reputational risk from continuing to support an external organisation outside of any agreed policy	III	C

The risks above are already included in service plans.

8.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.

Likelihood	A		2				Impact V = Catastrophic IV = Critical III = Significant II = Marginal I = Negligible	Likelihood A = >98% B = 75% - 97% C = 50% - 74% D = 25% - 49% E = 3% - 24% F = <2%
	B							
	C		1	3				
	D							
	E							
	F							
			I	II	III	IV		
Impact								

8.5 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

9. Recommendations

9.1 That Members agree to one of the following options:

1) That the Museum is granted a one-year lease for the three rooms it currently occupies, on its existing terms and conditions. This will give the Council the flexibility to fully consider and scope the Wenta proposal for Basing House.

Or

2) That the Museum is granted a five-year lease for the three rooms it currently occupies, at a commercial rate of £19k per annum and that the lease contains break clauses, which would allow both parties to exit the lease at an earlier date.

9.2 That the Museum pays for the full business rates associated with the use of the three rooms occupied. This would be a total of £5.2k per annum and is in addition to the lease. Alternatively the Museum could seek to gain charitable status, which means it would receive business rate relief for up to 80% of the total rates charged. This will still be a cost to The Council, however the overall impact would be less than the current arrangement.

9.3 That the Museum pays for the cost of gas and electricity use within the building. A separate meter can be installed to monitor the Museums use.

9.4 That the Museum's request to lease additional space is put on hold whilst the Council assesses the Wenta Business Hub proposal.

Report prepared by: Rebecca Emmett

Data Quality

Data checked by: Rebecca Emmett

1	Poor	
2	Sufficient	x
3	High	