

FULL COUNCIL

8 July 2025

Basing House:-

Three Rivers Museum Trust – Proposed Lease
of Part Basing House

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PART I

THREE RIVERS MUSEUM TRUST – PROPOSED LEASE OF PART BASING HOUSE

1 Summary

- 1.1 Officers met with the Three Rivers Museum Trust (TRMT) earlier in the year to discuss their request for a lease renewal. TRMT currently have just under eleven months remaining on their 5-year term (lease term expires 31 May 2026) and approached the Council because they are seeking UK Museum Accreditation from the Arts Council. The requirements of accreditation require that the applicant has at least 12 months left of their lease term in order to qualify.
- 1.2 The lease to TRMT is dated 13th July 2021 and attached at **Appendix 1**.
- 1.3 When proceeding to draft Heads of Terms, it was noted by Officers that under the terms of their current lease, TRMT aren't required to pay any contribution towards the upkeep, maintenance and decoration of Basing House.
- 1.4 The chairman of TRMT has stated TRMT are fully staffed by volunteers and they simply do not have the finances to pay anything over and above a very slight increase in the passing rent.
- 1.5 Given the challenges ahead, including Local Government Reorganisation. TRMT have requested a longer-term lease rather than just a five-year term, which has been the standard length of all previous leases. As a result of this request, Officers are seeking to grant a reversionary lease for a term of 15 years at a rent of £750pa with fixed uplifts of £50 on each fifth anniversary of the lease term. This report explains the rationale for such a proposal and seeks Full Council's authority to grant a lease on terms to those proposed in draft Heads of Terms at **Appendix 2**.

2 Options and Reasons for Recommendations

- 2.1 There are two options relating to this report: i) Not to agree a reversionary lease therefore TRMT would be unable to secure funding from the Arts Council or ii) Agree a reversionary lease at a rent of £750pa with fixed uplifts of £50 every five years for a term of 15 years whilst taking into account the Council will be further subsidising TRMT's occupation in terms of being unable to recover the full proportional cost from TRMT towards the maintenance, repair, services, rates and providing services to Basing House.

3 Policy/Budget Reference and Implications

- 3.1 Grant of a reversionary lease at less than market rent with the Council unable to recharge the tenant (TRMT) for the appropriate proportion of the maintenance, repair and decoration of the retained parts of Basing House. There will be an underlying net subsidy to TRMT of £11,033p.a. or approximately £165,495 over the life of this agreement.
- 3.2 TRMT have specific expertise in the history of the local area and hold related artifacts which are available to all in the district. The Council to consider if the

value to the Council of granting a reversionary lease to TRMT in accordance with the Heads of Terms at **Appendix 2**, can be considered obtaining best consideration reasonably obtainable under the LGA 1972

4 Financial Implications

- 4.1 For the financial year just ended (31 March 2025) for the upkeep, maintenance, repair and providing services to Basing House, the total cost to the Council was £23,278. TRMT occupy 18.4% of the lettable area of Basing House which on 'standard commercial lease terms' would incur a recharge to TRMT of 18.4% of the total cost which would amount to a recharge of £4,283
- 4.2 Although the Council is unable to recover any contribution under the current lease, under the proposed reversionary lease TRMT have agreed to make an annual contribution of £1,500pa towards the upkeep, maintenance, repair, decoration and providing services to Basing House. Officers would recommend fixed uplifts to this figure in accordance with the Consumer Price Index on every fifth anniversary of the lease term and this indexed uplift is included in the Heads of Terms attached at **Appendix 2**.
- 4.3 Further, the Council also currently pays the Business Rates which for the current financial year will be £6,123
- 4.4 Based on the assumption the Council is looking to grant TRMT a reversionary lease for a term of 15 years, Officers would recommend the Council agree and a rent of £750 per annum with fixed uplifts of £50.00 on each fifth anniversary of each lease term.
- 4.5 The rent of £750 with fixed uplifts would be based granting a lease for a term of 15 years with all other terms of the lease to be as existing save for changes to dates, statutes and any modernisation and the improved terms for the Council of being able to recover £1,500pa towards the upkeep, maintenance, repair, decoration and providing services to Basing House.

5 Legal Implications

- 5.1 Reversionary Lease to TRMT
- 5.2 The Localism Act 2011 gives the Council a general power of competence to do anything an individual may do although this is expressly subject to any statutory limitations that predate the commencement of that Act.
- 5.3 The relevant provision where a Council proposes to dispose of land is Section 123(2) of the Local Government Act 1972 ("LGA") which allows a Council to do so provided a disposal (other than by way of short lease) is for the best consideration reasonably obtainable, otherwise the consent of the Secretary of State is required.
- 5.4 The 'disposal' (*a lease for this length of term is considered a disposal under the terms of the LGA 1972*) for which this report seeks authority will not satisfy the best consideration reasonably obtainable requirement given that granting a lease for 15 years is proposed at a modest rent, but with subsidy given to the non-recovery of service costs over the life of the lease.
- 5.5 However, a General Consent has been issued in the name of the Secretary of State entitled Circular 06/2003 which permits local authority disposals that will contribute to the improvement of promotion of economic, social or environmental well-being in that authority's area and where the undervalue is less than two

million pounds. Both of the 2003 Circular's requirements are satisfied as (i) the provision of access to local history of the type envisaged promotes the social and environmental well-being of the Three Rivers area and (ii) the undervalue (total rent and subsidy support) is less than two million pounds.

5.6 Accordingly, the disposal (grant of a lease) has the consent of the Secretary of State by virtue of the General Consent and the requirement of section 123(2) of the LGA 1972 is satisfied.

5.7 Members will note that the 'value forgone' represents £165,495 over the life of this lease. This takes into account the rental concession and the non-recovery of service costs.

5.8 In deciding whether to approve this disposal Members should be aware of their fiduciary and best value duties in terms of the prudent and responsible stewardship of the Council's assets and resources.

6 Equal Opportunities Implications

6.1 Relevance Test

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

7 Staffing Implications

7.1 The grant of the proposed lease is considered to be 'business as usual' and does not create any additional staffing burden.

8 Environmental Implications

8.1 There are no direct environmental implications

9 Community Safety Implications

9.1 There are no community safety implications related to this proposal.

10 Public Health implications

10.1 There are no community safety implications related to this proposal.

11 Customer Services Centre Implications

11.1 There are no customer services centre implications related to this proposal.

12 Communications and Website Implications

12.1 Any announcement or joint promotion of a decision to support the proposal will be considered 'business as usual' by the Communications Team.

13 Risk and Health & Safety Implications

13.1 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.

Nature of Risk	Consequence	Suggested Control Measures	Response (tolerate, treat, terminate, transfer)	Risk Rating (combination of likelihood and impact)
Financial Loss from Subsidy (maintenance, services, business rates not recovered)	Ongoing costs to Council (e.g., £4,283 maintenance share and £4,898.94 business rates) not offset by rental income	Lease remains on current terms with no cost recovery; rent only increased marginally to £750 with fixed uplifts	Tolerate	Med (6)
TRMT fails to qualify for Arts Council Accreditation	Minor reputational risk for Council as supporter of heritage initiatives	Grant 15 year lease to satisfy accreditation requirement	Treat	Low (4)
Long-term lease commitment to financially fragile tenant	TRMT lacks financial capacity to sustain tenancy beyond rent; risks property upkeep issues or lease default	Keep rent low, accept as a community support measure; continue periodic review of TRMT accounts. Accept surrender clause which enables TRMT to leave lease with limited notice.	Treat	Med (6)
Precedent for below-market leases without cost recovery. Especially as other occupiers are present within Basing House.	Potential future pressure to offer similar terms to other tenants or groups. Adhere to 'best	Clearly document the community value rationale and restrict special terms	Treat	Low (4)

	value' governance.	to non-profit heritage uses		
Building upkeep burden remains entirely on Council and risk of disproportionate increases.	Continued annual outlay is not recovered from the Museum but is recovered from other Basing House occupiers.	Explore shared grant funding options; maintain current lease clauses to retain Council control	Tolerate	Med (6)
Inflation risk on long-term fixed rent.	Rental value may become disproportionately low over 20–25 years due to inflation	Use fixed uplifts every 5 years to partly account for inflation	Treat	Low (3)

- 13.2 The above risks are scored using the matrix below. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

Very Likely Likelihood Remote	Low 4	High 8	Very High 12	Very High 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
Impact Low -----> Unacceptable				

Impact Score

- 4 (Catastrophic)
- 3 (Critical)
- 2 (Significant)
- 1 (Marginal)

Likelihood Score

- 4 (Very Likely (≥80%))
- 3 (Likely (21-79%))
- 2 (Unlikely (6-20%))
- 1 (Remote (≤5%))

- 13.3 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 the management of operational risks is reviewed by the Audit Committee annually.

- 13.4 The remainder are therefore operational risks. Progress against the treatment plans for strategic risks is reported to the Policy and Resources Committee quarterly. The effectiveness of all treatment plans are reviewed by the Audit Committee annually.

14 Recommendation

- 14.1 It is recommended to Full Council to:

- 14.1.1 Approve the surrender of the existing lease and regrant on the terms as discussed within the report and as included within the heads of terms at Appendix 3;
- 14.1.2 Agree that the proposed letting is at 'less than best consideration', but in accordance with the provisions of the Local Government Act 1972 and subsequent guidance on 'best value', the Council acknowledges that the grant of a new lease will become a net costs to the Council of approximately £11,033 p.a. as set out in the report above;
- 14.1.3 Delegate the approval and the agreement to the finer detailed terms of the lease to the Director of Finance, in consultation with the Leader of the Council and Lead Member for Resources, Regeneration & Economic Development.

Committee Decision on Public Access:-

Public access to Report	Immediate
Public access to Decision	Immediate

Report prepared by: Ben Huggins – Property and Asset Manager

Data Quality

Data sources:

- Lease Agreement between TRDC & TRMT dated 31 July 2021
- **Local Government Act 1972, Section 123(2)**
- The Local Government Act 1972: General Disposal Consent (England) 2003 - Circular 06/2003

Data checked by:

Justin Wingfield – Head of Property Services & Major Projects

Data rating:

1	Poor	
2	Sufficient	
3	High	X

Background Papers

There are no background papers

APPENDICES / ATTACHMENTS

Appendix 1 – Lease granted to TRMT dated 13 July 2021

Appendix 2 – Draft Heads of Terms

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