

## **Hambleton District Council**

**Report To:** Cabinet

**Date:** 1 December 2020

**Subject:** **Extension of Lease at The World of James Herriot**

**Portfolio Holder:** Economic Development and Finance  
Councillor P R Wilkinson

**Wards Affected:** All Wards

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### **1.0 Purpose and Background**

- 1.1 The report seeks approval from Cabinet and Council for the extension of the lease terms presently in place at The World of James Herriot for the purposes of the continued provision of a museum/visitor attraction celebrating the life and times of the veterinary surgeon Alf Wight.
- 1.2 In 1999 The World of James Herriot was opened and operated by the District Council. In April 2012 the facility and its associated collections and artefacts were transferred to The World of James Herriot Limited, a company limited by guarantee, under the terms of a lease and a funding and transfer agreement. The transfer was for a peppercorn for a 20-year period, running until 2032, with the Council remaining the freehold owner of the property.
- 1.3 Since this transfer the facility has been operated successfully by the company, continuing to provide a museum of international attraction, contributing significantly to the local economy.
- 1.4 A recent valuation of the property (October 2020) valued the asset at less than £50,000 (fifty thousand pounds) on the basis that its use is restricted into perpetuity to being a museum. Its market value, should its purpose not be restricted to being a museum, would be considerably more and would be determined by its future use, for example, a residential four bedroom 19th century character property in Thirsk has recently been sold, subject to contract, for £635,000. In addition to the property valuation the associated collections and artefacts were valued at £30,369, including the vintage car and medicine cabinets, for insurance purposes.
- 1.5 The extension of the lease at The World of James Herriot will strengthen the operators ability to raise external grants and funds in these uncertain times against the security of the premises for the continued investment, preservation and development of the museum over future years.
- 1.6 The existing mode of operation would continue with The World of James Herriot Ltd being responsible for the full operation and management of the venue. The Council, whilst retaining the property freehold, would also continue with responsibility for the structural maintenance of the centre. Initial, positive discussions have been held with The World of James Herriot Ltd with regards to the new lease, with final agreements being needed once the Council has considered the proposal.

## **2.0 Link to Council Priorities**

- 2.1 The continued operation of The World of James Herriot links directly with the Council's priorities of Driving Economic Activity and Providing a Special Place to Live.

## **3.0 Risk Assessment**

- 3.1 There are no significant risks in approving the recommendations. The terms of the proposed lease will identify that the property must be used as a museum. Should The World of James Herriot Ltd cease trading for any reason then the facility will return to the Council for operational and other necessary considerations.

## **4.0 Financial Implications**

- 4.1 There is no change to the financial responsibilities presently vested with the Council.

## **5.0 Legal Implications**

- 5.1 The proposal is that the existing lease is surrendered and a new lease for a peppercorn for 30 years (from 2020 to 2050 subject to date of approval) is agreed and entered into with The World of James Herriot Ltd.
- 5.2 In accordance with Section 2 of the Local Government Act 2000 the Council has the power (subject to certain exceptions which do not apply here) to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area.
- 5.3 Should the extension of the lease be approved, conditions will be included within the document that will ensure the asset's use as a museum/visitor attraction only, requiring the property to be transferred back to the Council in the event that the use ceases in the future.
- 5.4 In granting a lease for 30 years at a peppercorn the Council will in effect be disposing of an asset at less than its market value. Local authorities are generally required to obtain best consideration (section 123 of the Local Government Act 1972) in such situations. However, it is recognised that there may be situations where a local authority considers it desirable to dispose of land for less than best consideration, for example, to secure the promotion or improvement of the economic, social or environmental well-being of the local authority's area.
- 5.5 Circular 06/03 of the Local Government Act 1972 - General Disposal Consent (England) 2003 permits disposals in such circumstances, provided the value of the disposal is less than £2 million and other considerations are taken into account, for example, there is a robust and consistent decision making process. In this case a maximum market value significantly less than the £2 million threshold was established.

- 5.6 External legal advice has been obtained with regards state aid with this proposed lease. Whilst the transaction is likely to be regarded as aid, it is not unlawful state aid by reason of the *de minimis* rule. This rule allows an aggregate of all sources of public aid of up to 200,000 Euros over a 3 year period as permissible; the value of the Council's aid would be £50,000 of asset value, in addition to the £47,497 provided for capital schemes over the period and therefore below the threshold figure. In order to confirm compliance with this the Council has written to The World of James Herriot Limited and they have confirmed that they have not received aid from any other public authority other than Hambleton District Council (Annex A).
- 5.7 There are rules governing the protection of museum collections and artefacts and the lease arrangements will need to deal with these issues adequately.

## **6.0 Equality/Diversity Issues**

- 6.1 Equality and diversity issues have been considered however there are no issues associated with this report.

## **7.0 Recommendations**

- 7.1 It is proposed that Cabinet agrees and recommends to Council that:
- (1) the existing lease with The World of James Herriot Ltd is surrendered and a new lease for a 30 year period at a peppercorn is established;
  - (2) suitable covenants are placed in the contract documents to protect the Council's position as set out in paragraph 5.3 of the report.

Steven Lister  
Director of Leisure & Communities

**Background papers:** None

**Author ref:** SL

**Contact:** Steven Lister  
Director of Leisure & Communities  
01609 767033