

**REPORT TO THE MEETING OF THE EXECUTIVE 21 APRIL 2010**

**PORTFOLIO: FINANCE AND RESOURCES**

**REPORT FROM PORTFOLIO HOLDER**

**SUBJECT: COMMUNITY HALLS AND ASSOCIATED ASSETS**

**1 DECISION BEING RECOMMENDED**

- 1.1 That all future leases, with the exception of those covered by wider commercial contracts:-
- Be ordinarily for a seven year term unless a longer period is justifiable in order to secure funding in which event the maximum term would normally not exceed 28 years.
  - An Open Market valuation is used in determining the lease rental, with the possibility of a discount being applied reflecting the community value that the use of the asset contributes.
  - Contain provision for a Rent Review on the third anniversary and at each subsequent third anniversary for longer term leases.
  - Contain a Break Clause at the third anniversary.
  - Be on a Fully Insuring and Repairing basis, with the scope clearly defined.
  - Contain a clause to allow annual inspection to confirm compliance with all statutory certification, inspections and risk assessments to confirm that the asset is being maintained to the required standard and that the check sheets in appendix 2 be attached to the lease.
- 1.2 That, as part of continuing due diligence, it be a condition that there be District/Parish/Town Council Member representation as appropriate on the governing bodies of organisations granted reduced levels of lease payments which reflect their community use, where appropriate.

**2 REASONS FOR RECOMMENDATION**

- 2.1 The recommendation relates to the decision of the Executive at its meeting on 27 January 2010 that the Portfolio Holder for Finance and Resources appoint an Advisory Group for the purpose of considering aspects of the report of the Review Committee on the subject of community halls and associated assets. The Portfolio Holder to report back to the Executive with recommendations from that work as soon as practicable.

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- 2.2 Following the Executive decision, the Portfolio Holder appointed an Advisory Group comprising Cllrs K J Gordon, Mrs J A Mockford, Mrs C A Weston and Mrs B J Wilkins.
- 2.3 Working with this Advisory Group it has been identified that the leisure centres and function halls owned by Rochford District Council (RDC) are managed by a third party (Virgin Active) under the leisure contract. The pavilions, comprising changing rooms and toilet facilities, are managed under the grounds maintenance contract by Connaught Environmental Ltd and the depot is leased by SITA under the Waste Contract. It has been concluded that, as these assets are managed independently, they would not come within the scope of this report. Where parts of the Pavilions are let on a regular basis to a third party who operate a business from the premises then these would come under the terms of this report. Detail on the premises that fall into this category are set out at Appendix 1.
- 2.4 It can be recognised that the Council does not have the power to change existing leasing arrangements with its tenants other than through mutual agreement. It is, therefore, felt that the findings of this report would be applied as the various leases come due for renewal.
- 2.5 The District Council's desire to see assets contribute to its plans, in particular in relation to the Local Area Agreement (LAA), can be recognised. Local Authorities have been tasked by the Government with a community leadership role and, as the premises leased by RDC to local groups and organisations are local authority assets, the Authority requires elected representatives on the management committees to discuss and implement the Authority's aims by linking performance to reduced lease costs or to levels of grant aid.
- 2.6 It can be recognised that the level of rent or lease payments can have a significant impact on an organisation, particularly if their ability to generate income is limited. The need to generate income may mean that the group has to alter the balance of activities in favour of those that generate the most income.
- 2.7 It can also be recognised that a variety of approaches can be used in reaching a valuation for a lease, including open market valuation and the use of rateable value.
- 2.8 The best alternative is to set the lease against open market valuations and to discount this, in consultation with the Portfolio Holder and supported by an officer report, taking into account the community value that the use of the asset brings measured against the Council's four main objectives:-
1. Making a difference to our people
  2. Making a difference to our community
  3. Making a difference to our environment

#### 4. Making a difference to our local economy

- 2.9 The community group taking up a lease requires a certainty of tenure, together with the flexibility to manage their operations. To address this it is felt that any lease should be for a seven year term with a rent review on the third anniversary, together with a break clause.
- 2.10 Recognising that in particular circumstances longer leases may be necessary, particularly where grants may be involved, it should perhaps be accepted that terms in multiples of seven years may be granted in appropriate circumstances. In these longer leases rent reviews will be conducted every three years.
- 2.11 Maintenance responsibilities under a lease can be defined ranging from minimal to full repairing and these responsibilities have varying costs and benefits attached which will be reflected in the value of a lease. Using a full repairing lease results in the lowest risk to RDC, whilst having the highest cost to the leaseholder which will be reflected in the value that can be obtained for the lease.
- 2.12 In order to avoid any ambiguity, the scope of maintenance responsibilities should be clearly defined when the lease is negotiated. Further, to avoid any future ambiguity a condition survey should be undertaken and agreed with the leaseholder prior to agreeing the lease to determine the condition in which the asset must be handed back to RDC at the term of the lease.
- 2.13 To ensure that the leaseholder continues to honour their responsibilities it is felt that an annual inspection of the premises should be carried out to confirm that the property is being maintained in good order and that the essential statutory inspections, certifications and risk assessments are being maintained. These inspections to take the form of a standard check sheet, an example of which is in Appendix 2.
- 2.14 In order to ensure that the property remains insured it is felt that the leaseholder should be required to insure the property at full replacement value and that third party insurance should be provided to protect RDC from any claims. RDC's interest to be noted on the policy.
- 2.15 It would be appropriate, as part of continuing due diligence, to insist that there be District/Parish/Town Member representation as appropriate on the governing bodies of organisations granted reduced levels of lease payments which reflect their community use, where appropriate.

### **3 ALTERNATIVE OPTIONS CONSIDERED**

- 3.1 The only options considered have been those related to the terms of reference set by the Executive.

#### **4 LEGAL IMPLICATIONS**

- 4.1 Under The Local Government Act 1972 – General Disposal Consent 2003 local authorities are under a legal obligation to secure best consideration possible for the use of their assets, unless a lower value can be justified because of the benefit to the economic, environmental or social well being of the community.

The above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

Cllr P F A Webster

**Portfolio Holder for Finance and Resources**

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#### **Background Papers:**

None

For further information please contact Alan Thomas on:-

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If you would like this report in large print, Braille or another language please contact 01702 546366.

**Leased Properties**

<b>LESSEE</b>	<b>ADDRESS</b>	<b>CURRENT RENT</b>	<b>TERM</b>	<b>2009/10 RDC GRANT</b>	<b>LESSEE RESPONSIBILITIES</b>
Trustees of Rochford Old Persons' Welfare Centre	Day Centre, Back Lane, Rochford (Total floor area approx. 170 sq. m)	£8,800 pa	21 years (until 2015)	£3,350	Internal decorations
Rochford & Rayleigh Citizens Advice Bureau	Premises, Back Lane, Rochford (Total floor area approx. 61.5 sq. m)	£5,150 pa	21 years (until 2015)	£82,200	Internal decorations
Rochford Town Sports and Social Club	Part of Pavilion, Recreation Ground, Rochford (Total floor area approx. 157 sq. m)	£3,120 pa	6 years (until 2015)	None	Full repairing responsibility and insurance
Trustees of Rayleigh Grange Community Centre	Community Centre, Little Wheatley Chase (Total floor area approx. 719 sq. m)	£50 pa	20 years (until 2007) (carried over)	None	Fully repairing responsibility
Trustees of Hockley Community Centre	Car Park adjacent to Centre	£700 pa	28 years (until 2009)	None	Repair and maintenance of fixtures, fittings, drains, etc. Fencing along northern boundary. Fair proportion of repair costs of facilities jointly used with RDC.

LESSEE	ADDRESS	CURRENT RENT	TERM	2009/10 RDC GRANT	LESSEE RESPONSIBILITIES
	Playing Field adjacent to Centre	£700 pa	28 years (until 2009)	None	
Senior Citizens Welfare Committee	Hullbridge Senior Citizens Welfare Centre, Windermere Avenue	£0.05 pa	21 years (until 2018)	None	To pay rent and outgoings; to maintain all fences existing or to be provided on boundaries of premises; to keep premises and all additions in good decorative repair and tidy condition.
Rayleigh Old People's Welfare Association	Land at Castle Road, Rayleigh for the Castle Hall Old Peoples Welfare Centre	£1.00 pa	99 years (until 2062)	None	Only land subject to lease, building owned by lessee.
Trustees of Hullbridge Sports & Social Club	Land off Coventry Hill/Lower Road	£4,530 pa	28 years (until 2033)	None	Maintenance of most fences
Rayleigh & District Angling Society	Ponds off Ferndale Road Open Space	£600 pa	28 years (until 2014)	None	Keep site clean and tidy
Rayleigh Town Sports & Social Club	Land north of London Road, Rayleigh	£3,770 pa	21 years (until 2019)	None	Maintenance of fences and hedges
Reserve Forces and Cadets Association for East Anglia	Land off Connaught Road, Rayleigh	£440 pa	10 years (until 2013)	None	Maintain fencing and gate

LESSEE	ADDRESS	CURRENT RENT	TERM	2009/10 RDC GRANT	LESSEE RESPONSIBILITIES
Essex County Fire and Rescue Service	Car park adjacent to 57 South Street, Rochford		7 years (until 2012)	None	-
Downhall Under Fives	Land at Ferndale Public open space , Hullbridge, Essex	£1,000 pa for first five years, thereafter open market rent.	30 years (until 2039)	None	Only land subject to lease, building owned by lessee.
Crouch Valley Scout Association	Land off Ark Lane, Rochford	£50 pa	28 years (until 2033)	None	Only land subject to lease.
Rochford Bowls Club	Bowling Rink, Stambridge Road, Rochford	£2,936 pa (Note – no rent is paid if the cost of maintaining the green, estimated at £7,556 pa, exceeds the rental value. This is the situation at the present time so no rent is paid)	15 years (until 2015)	None	Maintenance of bowling green.
Mark Halls Fisheries	Rochford Reservoir	£500 in first year £750 in second year £1,000 for third and subsequent years	5 years	None	Extensive schedule of works and conditions in the license.



## Premises Inspection - Structure

Premise Name

Premise Address

Inspection Date

Inspected By

Building External - check for cracks / pointing defects / obvious mis-alignments / damaged render / damage at corners

Type of finish - brick / render / timber

External Windows / Doors - check for broken windows / condition of woodwork particularly frames / paint / doors - {fit/locks/hinges} /  
Emergency escapes clear and marked /

Types Windows / doors - wood / plastic / metal

Roofs - visual inspect from ground - missing tiles/ gutters and downpipes / flashing / evidence leaking gutters

Type of roofs - flat / pitched / felt / tiled

When last inspected

External - Grounds - fences / walls / paths / parking / lighting / gates / gardens / DDA access / signage

Internal Structure decoration / cosmetic cracking / structural cracking / obvious misalignments / floors

Please identify by room



Toilets / facilities / kitchens equipment visual condition / cleanliness / decoration
Internal doors / windows - condition / fit / furniture / frames / closers / exits marked
Plant and Equipment - plant rooms / boiler rooms / electrical cubicles - clean / uncluttered / locked / visually good condition type of heating and age
Electrical system and lighting visually good condition / no trailing leads / generally in working order
Inspection Report, include comments about conditions as found and general appearance including means of escape and general safety, hygiene and environment
digital photo's are very useful for tracking changes or describing defects if major defect requiring attention this year identify by photo and on floor plan and fully describe



## Premises Inspection - Statutory

Premise Name

Premise Address

Inspection Date

Inspected By

Fire

Fire Risk Assessment  
Fire Extinguisher Service  
Service Contract sighted  
Fire Alarm Panel Service  
Fire Panel Test  
Service Contract sighted  
Fire Evacuation Drill

Frequency

Dated

Comments

1 or 2 yrly

12 months

12 months

Weekly

Electrical

Fixed Installation Tested  
PAT Testing  
Emergency Lights Tested

5yr - pools&amp;bars 1 yr

R/A normally 1or 2 yr

Six monthly

Gas

Annual Safety Certificate

Annually

Legionella

Legionella Premises Check

Annually

Legionella Routine Check

Wkly/mthly as scheme

Asbestos

Asbestos Register sighted

Asbestos Plan sighted

Hazardous Materials

COSHH Register

Materials stored correctly

Health and Safety

Obvious trips / falls or other hazards

Accident Book sighted

Lifts and Hoists

Insurance Inspection

6mthly or site scheme

Boiler Pressure Systems

Pressure sets testing / service

Annually

Inspection Report, include comments about conditions as found and general appearance including means of