

REPORT TO THE MEETING OF THE EXECUTIVE**PORTFOLIO: STRATEGIC PLANNING & ASSETS****REPORT FROM DIRECTOR, ASSETS & INVESTMENT****SUBJECT: LEASE OF HULLBRIDGE PAVILION****1 DECISION BEING RECOMMENDED**

- 1.1 That the leasehold opportunity be publicly marketed for the Council owned asset - Hullbridge Pavilion - a sports pavilion, located at Poole Lane, Hullbridge (edged red on the map at Appendix 1) for commercial use.
- 1.2 That authority be delegated to the Director of Assets & Investment, in consultation with the Portfolio Holder for Strategic Planning & Assets, to review the offers from prospective tenants resulting from the marketing exercise via local property agents and finalise the terms of the lease with the successful applicant for the Hullbridge Pavilion.
- 1.3 That community use of the asset be recommended, unless there are community benefits, which will confer wider value for money to residents of the district overall.

2 KEY DECISIONS DOCUMENT REFERENCE No: 11/22**3 REASON/S FOR RECOMMENDATION**

- 3.1 The asset is currently vacant and surplus to the requirements of the Council. The pitches are not of a suitable standard for sports use; the pavilion is therefore not used as a changing room.
- 3.2 In line with the Council's Business Plan objectives to Maximise our Assets and Enable Communities, officers have proactively sought to bring the asset back into use to the benefit of the community.
- 3.3 A tenant would enable commercial services and activities to be provided on the site while also being responsible for maintaining the property in good working order.
- 3.4 The Council has approached Trudge Fitness who currently lease Fairview Pavilion to see if this site would be of interest to Trudge to support them in expanding their business. However, Trudge require at least double the size of the Hullbridge Pavilion.
- 3.5 The Council will consult with Ward Councillors and the Parish Council to understand what outcomes they see for the pavilion which will aid in analysing any marketing enquiries.

- 3.6 The Council's Disposal Framework (2018) sets out that an asset will be deemed surplus to requirements if it does not meet at least one of the objectives outlined in the Council's Asset Strategy in its current condition and use. The granting of a lease would also support the objectives of the Business Plan to 'Maximise our Assets'.

4 PROPOSED HEADS OF TERMS

- 4.1 The proposed main heads of terms of the lease are as follows:-

- 7-year lease term or multiples thereof;
- Break clause on the 3rd anniversary;
- Rent review on every 3 years throughout the lease tenure;
- Repair and maintenance: Tenant to keep the demised property in good condition and repair;
- Responsibility for external repairs subject to negotiation;
- Council to insure the building and recharge tenant. Tenant to insure all stock, equipment and other contents on the demised premises;
- All utilities costs to be borne by the tenant;
- Tenant to be responsible for internal maintenance and cleaning;
- Tenant to provide Public Liability Insurance; and
- No security of tenure.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Continuing to maintain the building in its current condition is not a viable option. The adjacent open space is not of a suitable standard for sports use; the pavilion is not therefore required as a changing room. Keeping its existing condition would not maximise the asset or provide an opportunity to generate a rental income through commercial use of the asset.

6 RISK IMPLICATIONS

- 6.1 All leases carry a risk of tenant forfeiture and/or potential damage to the fabric of the asset. This will be mitigated by site inspections to ensure the tenant meets their requirements under the terms of the lease.
- 6.2 The Council will ensure that any liabilities it retains under the lease are properly managed through periodic inspections of the leased asset.
- 6.3 The Council would retain the capital risk of the building under the proposed Heads of Terms.

7 CRIME AND DISORDER IMPLICATIONS

- 7.1 Any vacant building can attract anti-social behaviour; it is anticipated that bringing the building back into occupation will have a positive effect in this regard.

8 ENVIRONMENTAL IMPLICATIONS

- 8.1 None.

9 RESOURCE IMPLICATIONS

- 9.1 The Pavilion could potentially attract a market rent of c£6,500p.a., according to the valuation conducted by Ayers & Cruiks as of August 2022 detailed within Appendix 2.
- 9.2 The Council reserves the right to offer a rent free period to a tenant in return for the required investment to refurbish the asset, which will minimise the upfront cost to the Council and the risk of voids. It will also reduce the liability associated with maintaining the asset. After the rent free period then the Council will be mindful of the market rent of £6,500 per annum.

10 LEGAL IMPLICATIONS

- 10.1 This lease will be negotiated with due regard to the Council's Disposal Framework (2018) and Lease Policy (Amended 2018). Under section 123 of the Local Government Act 1972, Local Authorities are under a legal obligation to secure best consideration for use of their assets, unless a lower value can be justified because of the benefits to the economic, environmental or social wellbeing of the community.
- 10.2 Upon expiry of the lease there will not be an automatic renewal. The final recommended tenant may request a new lease but under the Council's lease policy there is no security of tenure (right to renew).

11 EQUALITY AND DIVERSITY IMPLICATIONS

- 11.1 An Equality Impact Assessment (EIA) has been completed and found there to be no negative impact on protected groups as defined under the Equality Act 2010.

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

A handwritten signature in black ink, appearing to read 'PBarnes', is centered within a light gray rectangular box.

CLT Lead Officer Signature: _____

Phoebe Barnes (Director of Assets & Investment)

Background Papers:

None.

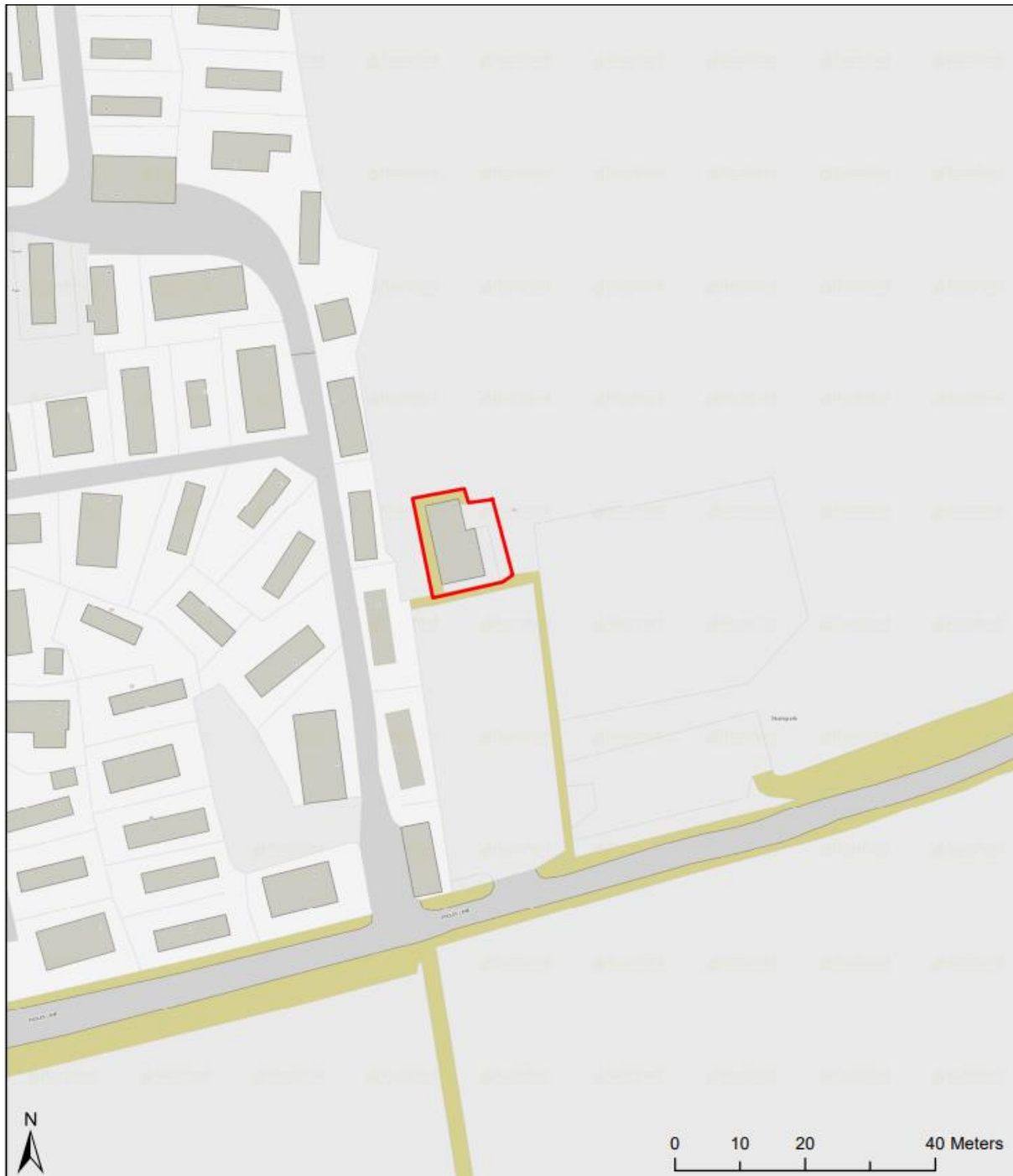
For further information please contact Phoebe Barnes, Director of Assets & Investment on:-.

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APPENDIX 1

Sports Pavilion, Poole Lane, Hullbridge



For Identification Only



Appendix 2

Ayers & Cruiks



REPORT & VALUATION

In Respect Of

Sports Pavilion Pooles Lane
Hullbridge Essex
SS5 6PA

Prepared For

Rochford District Council

Prepared By

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Directors S.R. Ayers, K.D. Cruiks BSc FRICS, C. Lushey BSc **Associate Director** D. Clarke
Highlands Properties Limited t/a Ayers & Cruiks. Registered Company No 335794

9.6

INSTRUCTIONS

We refer to written instructions received from Mr William Mao, Asset Surveyor for Rochford District Council for us to provide Rental Valuations for two premises, one situated in the High Street of Great Wakering in Southend-on-Sea, Essex; the other in Hullbridge in Essex.

We confirmed our instructions with Mr Mao and attended the premises on the morning of Monday, 15 August 2022. The weather at the time was warm and sunny.

We understand the Valuations are required to assist the Council in considering future uses for the premises as part of their overall property strategy.

We confirm that the Valuations have been prepared in accordance with the Practice Statements and Guidance Notes contained within the Valuation Standards issued by the RICS which incorporate the International Valuation Standards.

We confirm that the Valuations have been prepared on an 'arm's length' basis and there is no conflict of interest as a result of this company or the Valuer accepting this instruction.

Having considered the matter, we are pleased to report as follows.

SPORTS PAVILION, POOLES LANE, HULLBRIDGE, ESSEX SS5 6PA

DESCRIPTION AND LOCATION

The property is situated in Pooles Lane in Hullbridge, which is a small town in a semi-rural location.

Hullbridge lies to the north-west of Southend on Sea with the towns of Rayleigh to the south, Hockley to the south-east and access to the A130 via Battlesbridge, which leads onto the A12 to the north and the A127 to the south.

The river Crouch runs along the northern boundary of the site.

The site is approached off of Lower Road via Ferry Road, which in turns lead down to the river Crouch. Pooles Lane is the last turning to the east off of Ferry Road which then runs in an easterly direction following the line of the river Crouch. There are various residential estates and caravan and holiday parks along Pooles Lane, where it eventually links with Kingsman Farm Road terminating at the Battlesbridge Boat Works.

The property sits amongst the playground and Sports Ground and fronts onto the carpark serving the same.

The property comprises a single storey building of brick construction under what appears to be a flat felted roof. The property is accessed via a roller shutter door which we were unable to open at the time of our inspection. We were unable to inspect the interior parts except for one outside toilet which is currently available for public use in the south-western corner. We were also able to gain access to one other WC in the north-western corner.

We have been provided with a copy of a plan which shows that the property comprises a large lobby area behind the roller shutter leading to a kitchen, with changing room and shower facilities. There are 3 x outside toilets which are not accessible internally.

We understand that the council wish to retain the public convenience in the south western corner.

ACCOMMODATION

We were unable to access the premises internally, therefore we have measured the premises on the gross external are.

GEA	819 sqft	76.08 sqm
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CONDITION

We have not carried out a building survey or a detailed inspection into the nature of construction or the fabric of the building, however from our external inspection only and from photographs provided by the Council, the property appears to be in poor condition having suffered from vandalism and graffiti externally. The roof, soffits and external woodwork appear to be in poor condition, and we are assuming that the interior will need to be completely stripped and refurbished.

We have made no investigations into the presence of asbestos or other similar fibrous materials in the property and owners/tenants should make their own investigations in this regard. We would remind all clients that the Control of Asbestos at Work Regulations, which came into force in Spring 2004, will require all responsible persons to identify any asbestos present in their premises and to create a management plan for its maintenance and upkeep.

Specialist advice should be sought in this regard.

TENURE

We have not received a Report on Title and are assuming that the property benefits from an unencumbered Freehold Title, free of any tie, burden or restriction that would adversely affect value.

HIGHWAYS

We are assuming for the purpose of this valuation that Pooles Lane is a made-up and adopted road, maintained at the public expense.

PLANNING

We have been unable to assess the current planning use of the property which has obviously been for a changing and showering facility for the sports facilities in the surrounding parks. The properties have obviously remained unused for some time and we are assuming that the Council would grant Planning Permission for a use that would render the properties financially viable to attract suitable tenants to the property.

SERVICES

We are assuming that the property benefits from all main utility services, including mains drainage, sewerage, and water connections.

ASSESSMENTS

We were unable to locate a Rateable Assessment for the property on the Valuation Office Agency website.

EPC

We have not been provided with an Energy Performance Certificate for this property. We would point out that due to the Energy Efficiency (Private Rented Property Regulations 2015), EPC's now have more relevance, and with affect from 1st April 2018, any commercial or residential property that does not reach Grade E or above, will not be allowed to be let or sub-let unless works are undertaken to bring the property back up to that minimum level. Landlords are therefore encouraged to check the Energy Performance Ratings of their buildings to ensure they meet this minimum level to avoid potential loss of rental income and/or heavy fines.

APPRAISAL

In order to provide a Rental Value for a property, a valuer has to consider the definition of 'Rental Value' which is attached to this report. Clearly, premises such as these are built to provide a social service to the community allowing changing facilities for those using the sports pavilions and facilities nearby. Sadly, there does not appear to be the need for such properties, and they appear to have been lying dormant for some time which has led to vandalism and a lack of repair.

In order to provide a Rental Valuation, we need to consider what commercial uses might be suitable for the property which is situated in a remote location. It is surrounded by some residential dwellings and the facilities of the park. There is therefore plenty of carparking, but little passing trade which is probably insufficient to justify any business that would be able to support a commercial rent for a property of this size. Therefore, we have to make a number of assumptions in trying to consider what sort of business could make sufficient money to pay a market rent from the use of the property and these are likely to be quite specialist operations.

The property is of a sufficient size in that it may be able to be stripped and converted to form facilities for something like a martial arts class, perhaps some form of quasi-medical use (such as physiotherapy) or a number of other users, but due to its condition and the installed facilities for its current use, it is very unlikely that anyone would wish to expend large capital sums converting the property back into a condition that would render it habitable for such uses.

It is likely that the Council will have to offer considerable incentives for someone to take on this liability, and this is likely to be in the form of a capital contribution or a rent-free period which will allow the tenants to invest their money into converting and refurbishing the property to suit their particular use, whereupon they will benefit from having to pay no rent for what is likely to be a number of years whilst they recoup the money spent through free occupation of the property.

The second issue is that businesses of this nature will not enjoy a huge turnover and profit margins are likely to be quite tight and therefore they are unlikely to wish to commit to a long-term Lease, preferring instead to have regular break clauses which will allow them to rid themselves of the Lease liability if the business does not trade profitably. However, if the capital input required by the tenant cannot be paid back over the time of the short-term Lease or Lease with break clauses, the tenant will lose out on their investment for refurbishing the property.

The isolated location in what is a small town again provides limit to the potential turnover and profit of any business that may take this on.

We have had to assume that such a tenant could be found who would invest their money on what is a fairly long-term project in return for a long-term rent-free period of, say, three to five years and would then maintain the premises on a full repairing and insuring Lease and hand back the premises to the Council at the end of the Lease in good repair in accordance with the terms of the full repairing Lease.

VALUATION

We are of the opinion that the Market Rental value of the subject property having consideration to the assumption above is **£6,500. (Six Thousand Five Hundred)**

COMPARABLES

There are no directly comparable properties that we can use in our Valuation. We have therefore had to make assumptions as previously described and have used our knowledge and experience of the local marketplace in reaching these assumptions.

DEFINITIONS

Market Value (MV)

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market Rent (MR)

The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion.

CAVEATS

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of this property or has since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent. Should you require further clarification in this respect a specialist contractor/consultant should be engaged.

Our enquiries have not revealed any contamination affecting the property or neighbouring property which would affect our valuation. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce values now reported.

No allowance has been made for expenses of realisation nor for Taxation which might arise in the event of disposal.

We have assumed there to be no onerous ties, Statutory Notices, burdens, restrictions, or covenants which might materially affect the value of this property. Should further investigations reveal any defects in title, the valuation may alter.

No survey of the site has been carried out, and no soil analysis has been undertaken. This valuation has been prepared on the basis no adverse condition exists within the soil composition that would have required further analysis and additional foundations to be laid as a condition of Planning and Building Regulation approval, and no warranty in this regard is therefore made.

Your instructions did not include carrying out a structural survey, and we have therefore assumed for this purpose that the premises are free from any significant defect which might be revealed on a more detailed examination, and which might adversely affect their value. We cannot express an opinion about, or advise upon, the condition of any uninspected parts of the building, and this Report should not be taken as making any implied representation or statement about such parts. Should any specific assurances be required in respect of the construction and repair of the property, a full structural survey should be undertaken.

No enquiries have been made of the Local Planning Authority in connection with the lawful use of the premises. For the purpose of this Report, it is assumed that no breach of Town Planning legislation exists so that the use of the premises described herein was expressly granted by the Planning Authority and complies with the Use Classes Order and consolidating legislation.

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The details of the tenancies as described herein have been supplied to this Company and have been relied upon in good faith. No enquiries have been made to certify the income shown, and whereupon further investigation it be shown that the tenancies and details of income differ from those reported, the valuations provided may alter accordingly.



Kevin Cruiks BSc FRICS
Ayers & Cruiks

22 August 2022

PHOTOGRAPHS





Hullbridge



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