



**Rochford District
Council**

REPORT TITLE:	Asset Decisions
REPORT OF:	Cllr V Wilson – Lead Member Assets & Open Spaces

REPORT SUMMARY

The purpose of this report is to lease, licence or dispose of the following Council Assets to the following tenants or purchaser:

Lease land to the South of Ark Lane, Hall Road, Rochford to Scout Association Trust Corporation for use as a Scout unit for a period of 28 year.

Lease land and hut at Connaught Road, Rayleigh to The Reserve Forces and Cadets Association for East Anglia for use as a training centre for Air Training Corps for a period of 25 years.

License office space and meeting room at the Mill Arts and Events Centre, Rayleigh to Rochford and Rayleigh Citizens Advice Bureau Limited for use as a counselling and advice centre for the residents for a period of 2 years.

License part of the Day Centre at Back Lane, Rochford to Rochford and Rayleigh Citizens advice Bureau Limited for use as a counselling advice Centre for the residents for a period of 2 years.

Lease part of the Day Centre at Back Lane Rochford to Trusteed of Old People's Welfare Committee for Rochford and the District for use as a day centre for the elderly for a period of 7 years.

Under the Council's constitution disposals of land with a value of £50,000 is a decision of the Portfolio Holder, disposal of land with a value of £50,0001 and above is an executive decision. Leases and licences are considered disposals.

Officers in the Council have been working through a review to align its leases and licences. Due to limited resource some of these leases and licences are holding over, which is a tenant who continues to pay rent, even after the lease expired. It is unusual for all these decisions to come forward under one report. However officers have been finalising the terms of the leases and licences which has resulted in this

report that is presented to members. The current administration require all decisions to come to executive therefore this report includes decisions for under £50,000 as well as one for over £50,000.

RECOMMENDATIONS

- R1 -** To lease the Council owned asset known as land to the south of Ark Lane, hall Road, Rochford to the Scout Association Trust Corporation for use as a Scout unit and purposes ancillary thereto and for the activities undertaken by the voluntary youth organisations for a period of 28 years.
- R2 -** To lease the Council owned asset known as part of land and hut at Connaught Road, Rayleigh with around 0.47 acres (edged red on the map annexed hereto as Appendix 2), to The Reserve Forces and Cadets Association for East Anglia (“the Tenant”) for use as a Training Centre for Air Training Corps for a period of 25 years.
- R3 -** To licence the Council owned asset known as part of part of office space and meeting room at the Mill Arts and Events Centre, Rayleigh (coloured red on the floor plan annexed hereto as Appendix 3), to Rochford and Rayleigh Citizens Advice Bureau Limited (“the Licensee”) for use as a counselling and advice centre for a period of 2 years.
- R4 -** To licence the Council owned asset known as part of Day Centre at Back Lane, Rochford (coloured blue on the map annexed hereto as Appendix 4), to Rochford and Rayleigh Citizens Advice Bureau Limited (“the Licensee”) for use as a counselling and advice centre for a period of 2 years.
- R5 -** To lease the Council owned asset known as part of Day Centre at Back Lane, Rochford (edged red on the map annexed hereto as Appendix 5), to Trustees of Old People’s Welfare Committee for Rochford and District (“the Tenant”) for use as a day care centre for the elderly for a period of 7 years.
- R6 –** To delegate authority to the Director Assets and Investments, in consultation with the lead member of Assets and Open Spaces, to finalise the terms proposed in R1 through to R4 as outlined within this report.

SUPPORTING INFORMATION**1.0 REASON/S FOR RECOMMENDATIONS****1.1 Ark Lane Hall Road**

The asset is currently leased to the same Tenant, which provide venue for scout and youth activities.

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

The lease will enable the Tenant to provide scout and youth services to the while also being responsible for maintaining the property in good working order.

The rent of the new lease will be £850 p.a., 17 times increment compared with the prevailing rent of £50 p.a

Connaught Road Rayleigh

The asset is currently leased to the same Tenant, which provides training services to Air Training Corps.

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.

The lease will enable the Tenant to provide training services to the air cadets forces while also being responsible for maintaining the property in good working order.

The rent of the new lease is £2,600 up from £603. Over the term this will generate a minimum of £65,000 excluding rent reviews.

Mill Arts and Events Centre

The Licensee was using part of the office space at Civic Suite, Rayleigh to provide counselling and advice services to the residents in Rayleigh area. With the closure of Civic Suite, we have identified the office space at the Mill Arts and Events Centre for the Licensee to continue providing the services to the residents.

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.

The CAB have been at this site since January 2023 and therefore this licence will expire January 2025. This is at a peppercorn rent.

Day Centre Back Lane, CAB Area

The asset is currently licenced to the same Licensee, which provides counselling and advice services to the resident in Rochford area.

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.

The licence will enable the Licensee to provide counselling and advice services for the residents while also being responsible for maintaining the property in good working order. The licence remains at a peppercorn rent.

Day Centre Back Lane, Old People's Welfare Committee

The asset is currently leased by the same Tenant since October 2015, which provides day care centre services to the elderly in Rochford area.

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.

The lease will enable the Tenant to provide day care centre for the elderly on the site while also being responsible for maintaining the property in good working order. The lease remains at peppercorn.

2.0 BACKGROUND INFORMATION

- 2.1 The background information and proposed heads of terms for the Council owned asset at Ark Lane Hall Road is attached within Appendix 1.
- 2.2 The background information and proposed heads of terms for the Council owned asset Connaught Road Rayleigh is attached within Appendix 2.
- 2.3 The background information and proposed heads of terms for the space of the Council owned asset at Mill Arts and Events Centre is attached within Appendix 3.
- 2.4 The background information and proposed heads of terms for the CAB area at Day Centre Back lane is attached within Appendix 4.
- 2.5 The background information and proposed heads of terms for the Old People's Welfare Committee area at Day Centre Back Lane is attached within Appendix 5.

3.0 OTHER OPTIONS CONSIDERED

- 3.1 Looking for other tenants to replace the existing Tenants is not a viable option as the Council has been bounded by the security of tenure with obligation to renew with the Tenants under the prevailing lease and licences.

4.0 RELEVANT RISKS

- 4.1 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.
- 4.2 The Council will ensure that any liabilities it retains under the lease are properly managed through periodic inspection of the leased asset.
- 4.3 The Council would retain the capital risk of the building under the proposed Heads of Terms.
- 4.4 Any vacant building can attract anti-social behaviour; upkeeping the building back into occupation will have a positive effect in this regard

5.0 ENGAGEMENT/CONSULTATION

- 5.1 Lead member for Assets and Open Spaces has been consulted.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The Asset at Ark Lane could potentially attract a rent of c£3,750 p.a. with terms similar to the current lease terms, per Ayers and Cruiks' valuation in May 2023. In line with the Council's Asset Disposal Framework (2018) and Licence Policy (Amended 2018) in consultation with the Portfolio Holder for Strategic Planning and Assets (At the time) it was decided that the asset could be used for the community's benefit, which will confer wider Value for Money. The potential loss of income is defrayed by potential benefits bring to the community over the period of the lease
- 6.2 The Asset at Connaught Road could potentially attract a rent of c£2,750 p.a. with terms similar to the current lease terms, per Kemsley's valuation in March 2023. On the other hand, the latest rateable value assessed by Valuation Office Agency (VOA) in April 2023 is £2,600 of which is the same as the agreed rent. In line with the Council's Asset Disposal Framework (2018) and Licence Policy (Amended 2018) it was decided that the asset could be used for the community's benefit, which will confer wider Value for Money. The potential loss of income is defrayed by the reduced repairs and maintenance liabilities to the Council over the period of the lease.

- 6.3 The office space and meeting room at Mill Hall Arts and Events Centre could potentially attract a market rent of c£6,300p.a. and c£9,800p.a. respectively per valuation by Kemsley in March 2023. However, in line with the Council's Asset Disposal Framework (2018) and Licence Policy (Amended 2018) it was decided that the asset could be used for the community's benefit, which will confer wider Value for Money to residents of the District overall. The potential loss of income is defrayed by the reduced repairs and maintenance liabilities to the Council over the period of the licence.
- 6.4 The area for CAB at Back Lane could potentially attract a market rent of c£7,500 p.a., per Ayers & Cruiks' valuation in January 2023. However, in line with the Council's Asset Disposal Framework (2018) and Licence Policy (Amended 2018) it was decided that the asset could be used for the community's benefit, which will confer wider Value for Money to residents of the District overall. The potential loss of income is defrayed by the reduced repairs and maintenance liabilities to the Council over the period of the licence
- 6.5 The Day Centre could potentially attract a market rent of c£11,500 p.a, per Ayers & Cruiks' valuation in January 2023. However, in line with the Council's Asset Disposal Framework (2018) and Lease Policy (Amended 2018) it was decided that the asset could be used for the community's benefit, which will confer wider Value for Money to residents of the District overall. The potential loss of income is defrayed by the reduced repairs and maintenance liabilities to the Council over the period of the lease.

7.0 LEGAL/GOVERNANCE IMPLICATIONS

The leases and licences will be negotiated with due regard to the Council's Disposal Framework (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 well-being of the community.

- 1.1 Upon expiry of the tenant has the right to renew (security of tenure). Since the prevailing lease for the Ark Lan Scout Hut commenced in 1995 and did not opt out from s24 to 28 of the Landlord and Tenant Act 1954, the Landlord is obliged to renew the Lease with security of tenure and not able to remove such right upon renewal.
- 1.2 Upon expiry of the lease at Back Lane there will not be an automatic renewal, thee is no security of tenure.
- 1.3 Upon expiry of a licence there will not be an automatic renewal there is no security of tenure (right to renew). This is applicable to the licence being granted to the CAB at Mill Hall Arts and Events Centre and at Back Lane, Rochford.

8.0 EQUALITY & HEALTH IMPLICATIONS

- 8.1 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.

9.0 ENVIRONMENT & CLIMATE IMPLICATIONS

- 9.1 The Council will consider alongside it's tenants opportunities to improve the environmental and climate impact of the sites leased and how these can be improved.

REPORT AUTHOR: **Name: Phoebe Barnes**
 Title: Director Assets and Investments
 Phone:
 Email:

APPENDICES

Appendix 1 – Ark Lane Scout Hut Site

Appendix 2 – Land and Hut at Connaught Road Rayleigh

Appendix 3 - CAB at Mill Hall Arts and Events Centre

Appendix 4 – Back Lane, Rochford CAB

Appendix 5 – Back Lane Rochford, Old People’s Welfare Committee

BACKGROUND PAPERS

N/A

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	N/A

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Appendix 1

Ark Lane Scout Site

Background Information and Proposed Heads of Terms

The existing lease has expired on 12th November 2023.

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

- 28-year lease term at £850 p.a.
- Break clause by either party with 6 months' notice after 84 months (or 7 years) from lease commencement
- No Rent Free Period
- Rent Review at every 7th anniversary
- Tenant to be responsible for maintenance and cleaning
- Security of tenure

REPORT & VALUATION

In Respect Of

Ark Lane Scout Site
Southend Road
Hockley
Essex

Prepared For

Rochford District Council

Prepared By

Kevin Cruiks BSc FRICS
Ayers & Cruiks

INSTRUCTIONS

We refer to instructions received from Mr William Mao of Rochford Council for us to prepare a Report & Valuation in respect of premises known as The Ark Lane Scout Site, situated in Hockley, Rochford, Essex.

We confirmed their instructions with the Council and received a purchase order on 20 April for us to proceed.

We understand the valuation is required by the Council to assist in negotiations with the Scout tenants.

We inspected the property on the afternoon of Wednesday, 3 May 2023.

The weather at the time was warm and sunny.

The valuation is being prepared in accordance with the Valuations Standards issued by the R.I.C.S., (The Red Book) which incorporate the International Valuation Standards.

We confirm that the valuer has disclosed that he sits on the executive committee of a Scout Group in Leigh on Sea and confirm that the valuation has been carried out on an arms' length basis and that no conflict of interest arises.

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

DESCRIPTION AND LOCATION

The premises form a site extending to approximately 1½ acres which is mainly a woodland and grassed area situated to the south of Ark Lane in Hockley Essex. Ark Lane is accessed off of Hall Road opposite the cemetery and is a small unmade road leading to the subject site approximately 50m from the main road.

The site is gated and fenced with an unmade access road leading to a small car park with various buildings that have been erected by the tenants.

To the east of the property is a site utilised by a local clay pigeon shooting club.

There is woodland surrounding the rest of the site.

On the site itself there are two main buildings, one of concrete sectional frame which has recently been refurbished including a kitchen and WC.

The other is a timber framed building with external boarded cladding. There is also a sectional concrete garage.

We understand that there is an electrical mains supply, but no gas and that drainage is to a septic tank.

ACCOMMODATION

We did not carry out any measurements on site but have measured the site using our Promap Ordnance Survey system which calculates that the area is approximately 1.432 acres.

CONDITION

We have not carried out a building survey or detailed inspection to the nature of construction or the fabric of the various buildings neither have we looked for ground contamination around the site.

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 we are assuming the property benefits from an unencumbered Freehold Title, free of any tie, burden or restriction that adversely affects value.

We have not been provided with a copy of an existing lease and we are assuming that the property is to be sold with vacant possession, or let on a new full repairing and insuring lease for a term of 5-10 years at a market rent.

The buildings on site have been erected at the tenants' costs and whilst this might have been longer than the statutory 21 years, we are instructed that the buildings are not to be included within the valuation.

HIGHWAYS

We are assuming for the purpose of this valuation that Hall Road is a made-up and adopted road. We are unaware of the status of Ark Lane whether this is adopted or is bridleway or a public footpath and where the liability for repair would lie.

PLANNING

We have not made any enquiries into the planning background of the site. We understand it has been used for scout camping and activity site since the late 1960s.

We are assuming that planning permission was obtained for the erection of the two existing buildings.

Our enquiries of the Council website have a copy of the local plan proposals map, and this indicates that the site is within an area allocated within the Metropolitan Greenbelt and therefore any alternative planning uses are likely to be resisted.

SERVICES

We are advised that the premises benefit from mains electrical power, there is no gas connection, and that drainage is via a septic tank. There is mains water to the site.

ASSESSMENTS

We could not identify any rateable assessment for the site 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 Minimum Energy Efficiency Standard, EPC's now have more relevance, and with effect 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. Properties that are subject to existing leases will have to comply by 1st April 2023 or the tenancy cannot continue.

The government has also set targets where the minimum grade of C must be reached by 2027 and grade B by 2030.

We are assuming that the property has or will be able to achieve a Grade E or higher.

APPRAISAL

We are instructed to provide a capital and rental value for the subject site.

In order to arrive at a valuation that complies with the definition of market value and market rental value, we have to assume that there is a willing seller or landlord and willing tenant or buyer in the open market place.

The market place for such a property is likely to be quite restricted as the premises lie within the Green Belt which means that any potential redevelopment or change of use would be severely limited.

There is therefore really only one user for the site being the Scout Association or similar body providing youth camping and activity services. It should also be considered this is a volunteer charitable organisation so it is unlikely that they will be able to pay a significant amount in rent for the site which means that the number of potential occupiers/buyers are severely limited.

We have therefore looked at the prices achieved by areas of Green Belt and rural located sections of land and tried to arrive at a meaningful method of valuation that would provide a reliable opinion of a site that would only have a very limited appeal because of its use, its Green Belt designation, and its physical location.

We have arrived at this by trying to assess the capital value of the site and then applying a suitable investment yield to arrive at an appropriate rental value that a prudent investor would need to achieve to represent a sufficient return on his capital investment.

This is not a regularly used method of rental valuation however, in the circumstances, we think it is probably the most appropriate.

One point to make is that whilst this produces a rental figure as a return on capital it does not take into consideration the affordability of the rent for the Scout tenants.

We would also point out that we have not valued the buildings that stand on the land as these were built by the tenants over the years. We should point out that it is normal practice for buildings that are tenant's improvement and have occupied the site for more than 21 years should be included as landlord's fixtures and can be rentalised for the purposes of valuation.

We would confirm that we have not included the buildings within our valuation as per our instructions.

VALUATION

We are of the opinion that the market value of the freehold interest assuming vacant possession is **£48,000 (Forty-Eight Thousand pounds)**

We are of the opinion that the market rental value of the site assuming a lease of 5-10 years is **£3,750 (Three Thousand seven hundred and fifty pounds)** per annum.

COMPARABLES

Former Vineyard at Holybread lane Little Baddow – 3.63 acres sold for a price in the region of £170,000 in 2020 £46,831 per acre.

Little Buskins Farm Canewdon - Farm Shop and outbuildings on 3.5 acres sold in Oct 21 for £437,500 £125,000 per acre.

Plumberow Avenue Hockley - Five Acres sold for £223,000 by auction £44,600 per acre.

Beckney Avenue Hockley - 0.21 Acres sold for £39,000 by auction.

Beckney Avenue Hockley – 0.28 Acres sold £30,000 by auction.

Beckney Avenue Hockley – 0.33 Acres sold £49,500 by auction.

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.

Due to the lack of comparable evidence in many types of property and in many regions of the UK the Royal Institution of Chartered Surveyors in such event provided an additional form of assessing value. Whilst market value, which are the figures mentioned in this report, have a precise definition in the international valuation standards, it is effectively a proxy for price and should be thought of as the contract price i.e., the amount the buyer pays the seller. Alternatively, valuation calculations may now be used to assess an individual's assessment of the properties values known as worth or investment value.

Our limited inspection has 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. We have not inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are therefore unable to report that any such part of the property is free from defect. Should any specific assurances be required in respect of the construction and repair of the property, a full structural survey should be undertaken.

We must stress that we have not carried out any investigation to determine whether any high alumina cement was used during the construction of the building inspected and we are therefore unable to report that the building is free from risk in this respect. In view of the possible potential danger connected with high alumina cement we strongly recommend that the appropriate investigations, inspections, and tests be carried out immediately by a suitably qualified engineer.

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.

This Report is for the sole use of the person or body to whom it is addressed for the specific purposes, and must not be used, reproduced, or relied upon in whole or in part by any third party for any purpose whatsoever, without the express written authority of AYERS & CRUIKS

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

Date

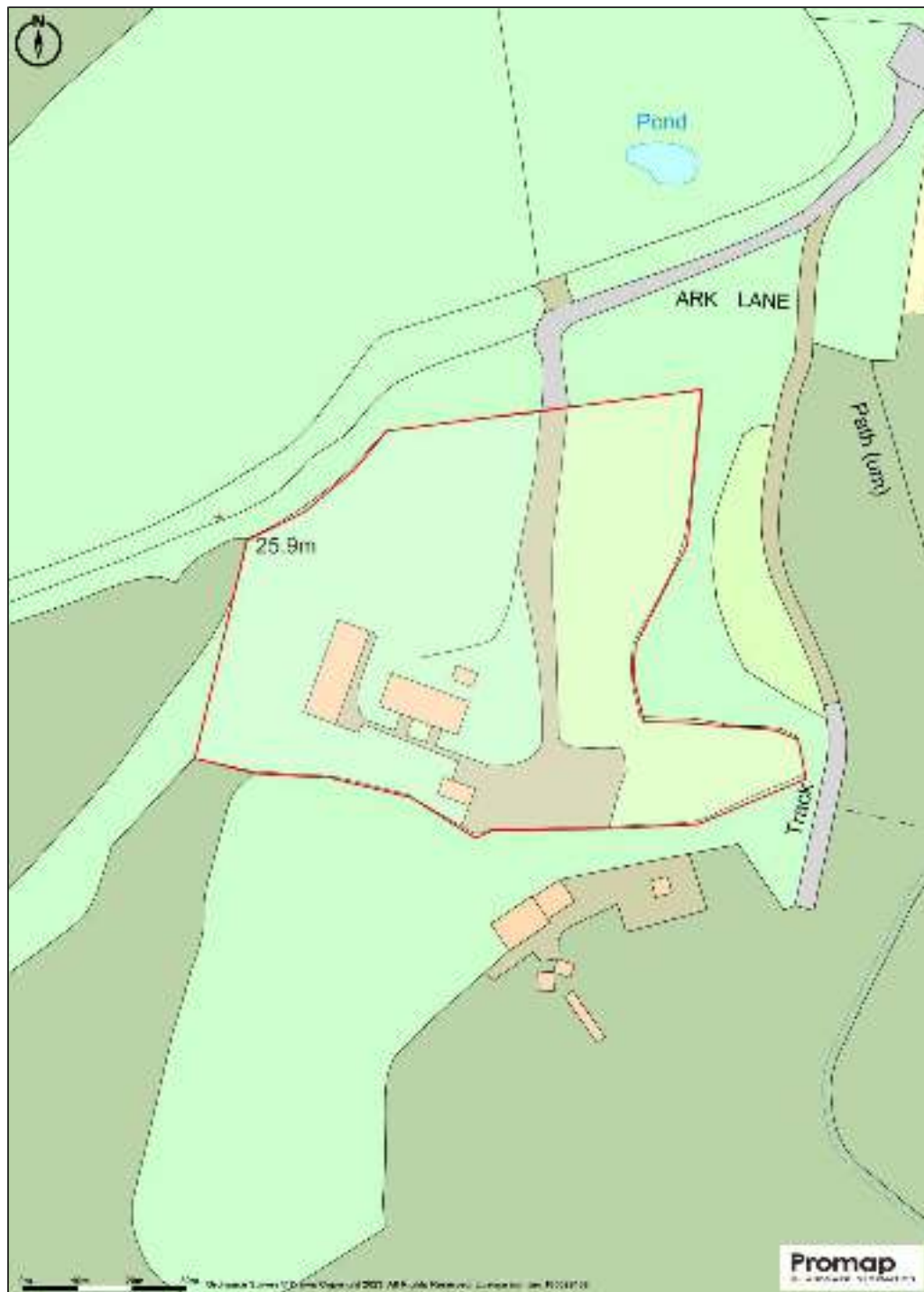
PHOTOGRAPHS







ORDNANCE SURVEY EXTRACT



Background Information and Proposed Heads of Terms

The previous lease had been expired on 31st March 2020. Currently the Tenant is still using the demised premises. The lease holdover period will be ended upon signing of the new lease agreement.

The rent of the new lease will be £2,600 p.a., around 4.3 times increment compared with the prevailing rent of £603.35 p.a.

PROPOSED HEADS OF TERMS.

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

- 25-year lease term at £2,600 p.a.
- Break clause by either party with 6 months' notice after 36 months from lease commencement
- No Rent Free Period
- Rent Review at 3rd, 9th, 12th, 15th, 18th, 21st and 24th anniversary
- Tenant to be responsible for maintenance and cleaning
- Security of tenure

DRAFT RENTAL VALUATION REPORT
LAND PARCEL AT CONNAUGHT ROAD
RAYLEIGH
ESSEX
SS6 6UG

PREPARED ON BEHALF OF
ROCHFORD DISTRICT COUNCIL
COUNCIL OFFICES
SOUTH STREET
ROCHFORD ESSEX
SS4 1BW

FOR THE ATTENTION OF
WILLIAM MAO

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OUR REF: DB/sh/VC13538
YOUR REF: RDC0010950

DATE OF INSPECTION: 16 MARCH 2023

Land Parcel at Connaught Road, Rayleigh, Essex, SS6 8UG

PHOTOGRAPHS



1.0 Instructions

- 1.1 Acting in accordance with your emailed instructions accepting our formal quotation and Terms of Engagement dated 13 December 2022 (copy at Appendix One), we have now inspected the above-mentioned property. You asked us to value the property for rental purposes only to determine the Market Rent that ought to be paid by the existing tenant, Air Training Corps.
- 1.2 The valuation date is 16 March 2023. We confirm that Daniel Butcher BSc (Hons) MRICS inspected the property and that he is VRS Registered.
- 1.3 We confirm the valuation is prepared in accordance with the RICS Valuation – Global Standards 2021, which incorporates the International Valuation Standards (IVS). We are acting as external valuers and have the knowledge, skills and understanding to undertake the valuation competently. We confirm that we have had no previous involvement which represents a conflict. The purpose of the valuation is to determine the Market Rent of the site. The valuation may be subject to monitoring under RICS conduct and disciplinary regulations. The basis of valuation is Market Rent, defined as:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
- 1.4 As instructed, we have not carried out a building or asbestos survey of the property, nor have we carried out an environmental audit or soil survey. We have not had sight of an Access Audit to assess compliance with the Equality Act 2010, and our valuation assumes that it is compliant. We have not been instructed to prepare an Access Audit and are not suitably qualified to determine compliance ourselves. We would be glad to review the content of an access audit if passed to us to confirm if value reported is affected by its content.
- 1.5 This valuation report is provided for the stated purpose and for the sole use of the named client. It is confidential to you and your professional advisers, and the valuer accepts no responsibility whatsoever to any other person.
- 1.6 Neither the whole nor any part of this report may be included in any published document, circular or statement, nor published in any way without the valuer's written approval of the form and context in which it may appear.
- 1.7 No allowance has been made for the cost of disposal, nor for any liability for taxation which may arise on disposal.
- 1.8 This report has been based, to some extent, on information provided verbally which should be checked by your solicitors. In particular this applies to tenure and planning. Their searches may also reveal whether any historical use of the property is likely to have resulted in contamination.

2.0 Location and Description

- 2.1** Rayleigh is situated in the South East Essex Area on the edge of Thames Gateway approximately 40 miles to the east of central London and 6 miles to the west of Southend-on-Sea accessed via the A127 Southend Arterial Road which provides good communications throughout the South East Essex Area and direct links to the M25 which is approximately 15 miles distant.
- 2.2** The subject property is situated on the western side of Connaught Road not far from the junction with Eastwood Road providing road communications west towards Rayleigh or east towards Leigh-on-Sea. The A127 passes nearby providing good road communications east towards Southend-on-Sea or west towards the M25 and London. The nearest mainline railway station is at Rayleigh town centre approximately 1.5 miles. Local amenities are within walking distance located on Eastwood Road itself.
- 2.3** The subject property comprises a plot within woodlands off Connaught Road, comprising a single track roadway with scout hut erected thereon. There is some off-street car parking to the front and the site is generally secured by way of palisade fencing with some mature trees. Surrounding properties comprise residential or woodland.

3.0 Tenure

- 3.1** We were supplied with brief details of tenure by you. We have not carried out a formal search of the title. We assume that no onerous or restrictive covenants attach to the title.
- 3.2** We understand that the Air Scouts currently let the premises and new terms are to be agreed but though the Market Rent needs to be determined. We have had sight of the existing agreement which is for a term of 7 years, annual rent increases linked to RPI and break (mutual) at the same time following agreement of the rent review with either party giving three months' notice. The lease permits the use only as a training centre for Air Training Corps and sharing is not permitted.
- 3.3** We understand that some of the buildings may be tenant improvements, but satellite imagery suggest they have been in place since 1999. It appears approximately 1/2 the rear building was extended after this date and was improved so would still probably be disregarded for rental assessments as tenant improvements.

4.0 Age

- 4.1** Circa 1960's.

5.0 Accommodation

- 5.1** The accommodation is arranged as follows:-
- 5.2** We have not internally inspected the property although our external assessment of the property shows two buildings rented on site assumed to be utilised as halls with ancillary kitchenette and welfare facilities including WCs.

6.0 Floor Areas

- 6.1** We estimate the Gross Internal Area to measure 2,200 sq ft. This has been assessed from our visual inspection, only VOA floor areas of the main hut and aerial and on line plans which we have reviewed. A detailed measurement of the building has not been undertaken but one can be completed if required. This would reduce to c.1,650 sq ft ignoring the tenant improvements less than 21 years.

7.0 Services

- 7.1** We have not carried out any specific tests of the services.
- 7.2** We assume all main services connected to the building including electricity, mains drainage and gas.

8.0 Construction and Condition

- 8.1** We have not carried out a building or asbestos survey, nor have we inspected woodwork or other parts of the property which are covered, unexposed or inaccessible, and such parts will be assumed to be in good repair and condition. The report will not purport to express an opinion nor to advise upon the condition of uninspected parts, and should not be taken as making any implied representation or statement about such parts. We have undertaken a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty, as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas, and whilst standing at the various floor levels, as we consider reasonably necessary. We have not arranged for any investigation to be carried out to determine whether or not high alumina cement or calcium chloride additive or any other potentially deleterious material was used in the construction of the property or has since been incorporated, and we, therefore, cannot report that the property is free from risk in this respect. We have not investigated matters relating to, fire safety or precautions, internal fire stopping and potential combustibility of cladding. We do not warrant the fire rating/combustibility of materials attached to, or incorporated within the fabric of the property and you should make your own enquiries in these regards.
- 8.2** From our external inspection the property appears to comprise a framed construction, having pitched rooves covered with profile metal sheeting. External elevations are lined externally incorporating double glazed uPVC frames. It appears that the roof and windows were a replacement of older originals. Tarmacadam and car parking to front with the two buildings detached and the site secured by way of a palisade fence. The remainder is laid to grass and there are several mature trees likely oak on site.

9.0 Site

- 9.1** See plan at Appendix Two.
- 9.2** Utilising Promap digital mapping, we have measured the site to have an area of 0.4695 acres (1,900 sq ft).

10.0 Use

- 10.1** F1/F2 --Hall.

11.0 Planning and Highway

- 11.1** We have not made any specific enquiries of Rochford District Council, however we have made a search of their planning website.
- 11.2** Our enquiries have revealed no applications relating to the subject property. The use appears longstanding and we assume lawful.
- 11.3** Connaught Road is made up, so we assume adopted by the Highway Authority and maintainable at public expense, although solicitors should check.
- 11.4** The property is not situated in a Conservation Area nor is it Listed.

12.0 Rates

- 12.1** The property is assessed for Business Rates as Hall and Premises at a Rateable Value of £1,775.

13.0 FRA

- 13.1** The Regulatory Reform (Fire Safety) Order 2005 introduced significant change. As well as simplifying legislation, it introduced the need for employers, building owners and occupiers to have a greater understanding of fire safety and to nominate a "responsible person" to ensure compliance. The order applies to virtually all premises and covers nearly every type of building, structure and open space. It excludes purely domestic premises occupied by a single family group. The order requires a responsible person to carry out a fire risk assessment identifying the risks and the hazards. They should consider who may be especially at risk, eliminate or reduce the risk from fire as far as reasonably practical and provide general fire precautions to deal with any residual risk. They should take additional measures to ensure fire safety where flammable or explosive materials are used and stored and create a plan to deal with any emergency, and in most cases, document their findings. We can give no warranty in respect of the adequacy or otherwise of matters around fire and associated precaution measures affecting the property.

14.0 Value Added Tax

- 14.1** Commercial properties first occupied since 01 April 1989 are subject to VAT. From the same date there is an option to tax existing properties. Most occupiers (except charities and financial institutions) can generally fully recover VAT. We have therefore excluded any potential VAT liability from our valuation.

15.0 Environmental Matters

- 15.1** We have not carried out any investigation of the site to see whether it is or has been contaminated in the past. Our valuation is on the assumption that it is not contaminated and is not likely to be so defined by the appropriate enforcing authority.
- 15.2** You have not asked us to commission an Environmental Risk Assessment and one has not been undertaken. Whilst we are not Experts, nothing seen during the course of our inspection alerted us to any reason as to why you should commission one.

- 15.3** We report energy ratings as they appear on the EPC, we do not provide advice as to the adequacy of the current, or the level of future assessments. The Energy Act 2011 includes provisions which affect the private rented sector, both residential and commercial (with very few exceptions, such as places of worship and agricultural buildings). From April 2016, private residential landlords are unable to refuse a tenant's reasonable request for consent to energy efficiency improvements to a property, where a finance package such as the Green Deal and/or the Energy Company Obligation is available. Since April 2018, it is against the law to rent out either residential or commercial premises where a minimum energy efficiency standard has not been achieved. The rating that premises have to meet is energy rating E. Landlords are not able to let that property until appropriate energy efficiency improvements have been made. Certificates must be provided for all property sales at the expense of the seller, and all leases at the expense of the landlord. Where a valid EPC is present, this must be above rating E for lease renewals, and from April 2023 for all let commercial properties. Older EPC assessments may be subject to more stringent criteria, upon their renewal, and the energy rating may reduce. There is the potential that requirements for energy ratings are tightened into the future. A new certificate must be produced every 10 years. Penalties up to £5000 will be levied for non-compliance.

We have made enquiries of the Gov.uk website and there is no Energy Performance Certificate for the property and a new assessment will be required in the event of a new lease being put in place.

- 15.4** We have made enquiries of the Gov.uk website and the property is situated in an area at a low risk of flooding.
- 15.5** In respect of the Control of Asbestos Regulations 2012, occupiers and/or those responsible for the maintenance of workplace, commercial premises, some areas of domestic accommodation such as common areas, hotels and areas of sheltered accommodation etc., have an obligation to carry out an investigation to identify, risk assess, and manage asbestos bearing materials. Such management plans must be up to date and in writing. We have not had sight of such an assessment or plan and would recommend that this is provided. Where no assessment and plan has been undertaken, it must be commissioned immediately. All use of any asbestos was banned in 1999 so buildings constructed from 2000 onwards should not require such a survey.

An Asbestos Survey ought to have been carried out with any recommendations undertaken by the tenant. We would recommend one is commissioned if they have not done so already.

- 15.6** We have made enquiries of the Government Department of Public Health for England on-line website and the property is shown in an area of 1km where the maximum radon potential is less than 1%. This is the lowest tier of rating that Public Health England uses and therefore we consider the risk to be relatively low. We do not consider that a separate survey would be likely required to be commissioned.
- 15.7** We do not consider that the location of the property is at a higher risk of invasive species (including Japanese Knotweed) than the surrounding local area and no invasive species were noted during the course of our inspection. This does not provide confirmation that none exist, but is merely supplied as a guide to you as to the likely risks of an invasive species being present.

16.0 Market Commentary

- 16.1** The Covid-19 pandemic affected the economy in 2020 and the subsequent national and international effects are still being felt. Recent variants have proved to be highly transmissible, but appear to be less harmful to the vaccinated, leading to the UK government moving to reduce restrictions and open up the economy.

16.2 In 2022 we noted continued demand for commercial property. Whilst some sectors were badly hit by the pandemic, such as leisure and prime retail, the latter exacerbated by the normalisation of E-commerce, the industrial sector has been very strong throughout, with good demand particularly for freehold property. There is now evidence of yields moving out and demand lessening for investment and owner occupier stock. The residential market performed strongly for most of 2022, with restricted supply, notwithstanding the RICS Residential Market Surveys showing reduced demand, there are indications that this reduction in demand had become entrenched in the last quarter of 2022 with agents reporting downward pressure on offers received.

16.3 As the current year starts there are a number of factors that have the potential to affect the property market.

There remains the potential for Covid variants to emerge which escape immunity and cause severe disease.

The interruption of global supply chains, arising from the pandemic has not yet been fully resolved, inflation has increased significantly, although there are some early signs this may be easing.

Following the Russian incursion into Ukraine, restrictions placed on Russia and its allies, affecting oil and gas, raw materials for industry, fertiliser, foodstuffs etc, poses a significant ongoing risk to economic stability. Ukraine's contribution to global food and raw materials supply is also badly affected.

It is likely that inflation will be at elevated levels over the coming year. The Bank of England has increased interest rates and this is likely to continue. There is a possibility of a significant slowdown in the economy, which is likely to have negative effect upon the property market, across all sectors. Consumer confidence is low. A weaker economic outlook, increases in taxation, elevated interest rates and inflation will be a significant factor in the market during the coming year.

There are likely to be further increases in interest rates, these are already much higher than the previous BoE (August 2022) projection of a baseline figure around 3% for 2023, currently 4.0%. It is likely that the level of and uncertainty around, elevated mortgage and lending rates, will be a drag on the property market.

16.4 At the present time, we would consider that a watching brief be kept upon the UK property market. As outlined above there is ongoing potential for a significant change in economic conditions, which overlay geopolitical matters and a degree of uncertainty regarding the near-term future, across a number of economic sectors. This is likely to affect economic performance and with it the property market. This situation continues to evolve, we consider there is potential market uncertainty with regards future property values. There is the strong likelihood of a recession in the UK and beyond, in the near future, which is likely to have a negative effect on property values. The future of the economy and property sector cannot be priced into our valuation which is at the date stated in this report and in many ways is based upon historic transactions and does not predict future changes in value.

17.0 Methodology

17.1 In preparing this valuation, we have adopted the following methods.

- **Comparable.** This is the basis of most valuations, and adopted into other methods. At its simplest, direct comparables are used to assess the value. These are frequently not available,

and indirect comparables (which may be distinguished by time, character, size or location) have to be considered, at the judgment of the valuer.

18.0 Supporting Information

18.1 Specific comparable information used in formulating our opinion of value is as follows:-

Former Greenwood Surgery, Tylers Ride, South Woodham Ferrers, CM3 comprising 999 sq ft of accommodation (GIA) let by way of a 5-year lease at a rent of £16,720 per annum exclusive in July 2022. The lease incorporated a break at year 3, no rent free and a rent-free period of 3 months. The agreed rent analyses to £16.73 per annum exclusive. This is a purpose built building within town centre, regarded superior by comparison.

The Gore Medical Centre, 69 The Gore, Basildon, SS14 comprising 720 sq ft (GIA) practice, let in December 2021 by way of a 15 year lease on FRI terms at a rent of £24,000 per annum exclusive. The agreed rent analyses to £33.33 per sq ft. We consider that this is significantly higher than the tone for the area, even when allowing for quantum. Traditionally constructed, central location.

Unit 2, 15-21 Rainsford Road, CM1 comprising a letting of ground floor commercial space to gym with nine months' rent free and tenant break at year four in February 2022 achieved £20.15 per sq ft (GIA) as a headline rent, or £16.37 per sq ft on a net rent basis. The building is modern, situated within a more desirable area.

51 The Green, Writtle, CM1 comprising a former church with mezzanine floor measuring 1,771 sq ft (GIA) let by way of a full repairing and insuring lease for a term of 10 years in September 2021. The rent agreed was £32,000 per annum exclusive equating to £18.07 per sq ft. The location would be superior, but as far as accommodation, likely comparable.

Suite 6, 1st Floor, Phoenix House, SS14 comprising a small suite of 452 sq ft let in June 2022 by way of a five-year lease incorporating tenant only break at year three and upward only rent review at the same time. The agreed rent analyses to £22.57 per sq ft. The property is situated within an established multi-occupancy office building constructed in the 1960's/70's. Accommodation is significantly smaller, and we consider that a premium would be applied on a rate per sq ft basis, notwithstanding difference in specification.

Suite 5, 1st Floor, Phoenix House, SS14 comprising a suite of 775 sq ft let on the same terms as the above suite in April 2022. The agreed rent of £16,750 per annum exclusive equates to £21.61 per sq ft.

Unit 17, Brook Road, Rayleigh, SS6 comprising self-contained factory warehouse with secure yard with two storey offices and forecourt parking measuring 18,128 sq. ft. let last year by way of a new five year lease following Landlord's refurbishment project on FRI terms at a rent of £127,000 per annum exclusive. The agreed rent analyses to £7 per sq. ft.

We understand that units of circa 1,000 sq. ft. have let on Manor Trading Estate in Benfleet at £10 per sq. ft. whilst in Shoeburyness-on-Sea, similar size units have let at £8.50 per sq. ft. We consider Benfleet would be a comparable location whilst Shoeburyness would be considered an inferior location.

Unit 14, Winstanley Way, Basildon, SS14 comprising an industrial unit at 1,786 sq. ft. let in July 2022 by way of a five year lease incorporating a tenant only break at year three without rent free at a rent of £18,000 per annum exclusive. The agreed rent analysis to £10.08 per sq. ft. We consider Basildon would be regarded as a superior location.

19.0 Valuation Calculation

- 19.1 The subject property comprises a Scout Hut on circa half an acre within woodland within easy reach of main roads utilised as a Community Hall. It is set in a rural position, although would suit a number of uses, including offices, education centre or hall for sports, leisure or community uses. We assume the front hall is used as a community hall with the rear building as storage/workshop. You are considering granting a new lease and we have given consideration to our opinion of Market Rent.
- 19.2 We have first given consideration to the Market Rent, were the property available for any community use, with the ability to sublet or share occupation like a church hall or community hall would ordinarily be used. We consider £10 per sq ft, with a half rate on the rear building which we assume is used for storage only. On the rentalisable area (ignoring tenant improvements) this equates to £13,750 per annum exclusive after minor rounding. We have not attributed anything to the excess land as there is limited uses for it with the exception of open amenity space. We consider demand would be moderate, perhaps from day care centres, educators, business or other clubs, although planning may be required for a change of use. We assume the lease is on standard commercial terms, with open use class for community and commercial use and enables the sharing of the hall with other parties. Generally, scout halls are within churches where the space can be shared with children groups, community groups and other clubs.
- 19.3 Were the tenant to vacate and the tenant improvements included this would increase our opinion of rent to £16,500 per annum exclusive.
- 19.4 Market Rent, based on the terms being renewed to match the existing lease is significantly less. We have adopted in isolation, the occasional use by the scout group would be unlikely to justify the Market Rent which is on the basis that the hut can be used on a full time basis. Adopting a figure of 1/5" of the Market Rent we arrive at £2,750 per annum exclusive. The mutual break clause, restrictive use and sharing covenants significantly affect the rent we could see being achieved.

20.0 VALUATION

- 20.1 In our opinion the **Market Rent**, on the special assumption that a new lease is granted to the tenant to match the terms of the existing lease, including the permitted use, alienation, and mutual break clause, is **£2,750 per annum exclusive**.

Inspected and valued by:
D BUTCHER BSc (Hons) MRICS
RICS Registered Valuer
Kemsley LLP



VC13538

MARCH 2023

Land Parcel at Connaught Road, Rayleigh, Essex, SS6 8UG



APPENDIX 1

CONFIRMATION OF INSTRUCTIONS

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Our Ref: DB/sh

13 December 2022

46 NEW BROAD STREET
LONDON EC2M 1JH
T: 020 7422 6350

property@kemsley.com
www.kemsley.com

Rochford District Council
Assets & Commercial Services
Council Offices
South Street
Rochford
Essex
SS41BW

For the attention of: William Mao

Dear Mr Mao

Property: Land Parcel at Connaught Road, Rayleigh (currently used as an Air Cadets centre)

Further to your enquiry to provide a valuation report stating the Market Rent that could be achieved of a site with building, we confirm our fee would be £900 plus VAT. We estimate that a turnaround time of circa 10 working days would be required from confirmation of instructions. We require the proposed lease terms by way of a set of Heads of Terms or similar, setting out the salient details of the proposed lease agreement to be valued.

The advice will be provided as set out in our draft Terms of Engagement previously supplied to you and appended to the rear of this letter. We require payment of our fee in advance of releasing our report.

Our bank details as requested are as follows:

Kemsley LLP
National Westminster Bank Plc
Sort Code: 60-05-13
Account No.: 89481658

Once you confirm you are instructing us, with Purchase Order Number, I will issue Terms of Engagement and an invoice to you.

DAN BUTCHER BSc (Hons) MRICS
KEMSLEY LLP

Mobile:

E-mail:

Enc.



07837 385480

dan.butcher@kemsley.com



Kemsley LLP
113 New London Road
Chelmsford, Essex
CM2 0QT
Tel: 0206 300 0000
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Email: info@kemsleyllp.co.uk



Basildon, Chelmsford,
London, Rainham, Watford.

Kemsley LLP is a limited liability partnership registered in England number OC 326192
The registered office address is 113 New London Road, Chelmsford, Essex CM2 0QT

Basildon, Chelmsford, London, Rainham, Watford.

Dear Sir,

I am writing to you regarding the complaint you have made to the Property Ombudsman.

We are sorry to hear that you are not satisfied with the service provided by Kemsley LLP. We have taken your complaint seriously and have conducted a thorough investigation into the matter. We have found that there was a delay in the completion of your property purchase, which was caused by a clerical error on the part of one of our staff members. We have taken steps to ensure that this does not happen again and we are sorry that this has caused you any inconvenience.

We have agreed to pay you compensation of £1,000 to acknowledge the inconvenience and delay caused by this error. We have also agreed to pay your legal costs of £500. We have also agreed to pay you interest on the compensation at the rate of 8% per annum from the date of the complaint to the date of payment.

We are sorry that we have caused you this inconvenience and we hope that this compensation will be a fair reflection of the inconvenience and delay caused.

Yours sincerely,

The Property Ombudsman
113 New London Road
Chelmsford, Essex
CM2 0QT

I am writing to you regarding the complaint you have made to the Property Ombudsman.

Yours sincerely


HE

Basildon, Chelmsford,
London, Rainham, Watford.



Our ref: TBC
Your ref: TBC
Date TBC

VALUATION TERMS OF ENGAGEMENT

Regarding your instructions for this firm to carry out a valuation we set out the scope of the service to be provided.

- a) Our client is you.
- b) The purpose of the valuation is: To determine the Market Rent.
- c) The property subject within Terms of Engagement is: Land Parcel at Connaught Road, Rayleigh (currently used as an Air Cadets centre).
- d) The interest to be valued is: Freehold.
- e) Type of asset and classification: Land and building.
- f) We confirm the valuation is prepared in accordance with the RICS Valuation – Global Standards 2021, which incorporates the International Valuation Standards (IVS). We are acting as external valuers and have the knowledge, skills and understanding to undertake the valuation competently. We confirm that we have had no previous involvement which represents a conflict. The purpose of the valuation is for to determine the rent for a new letting. The valuation may be subject to monitoring under RICS conduct and disciplinary regulations. The basis of valuation is Market Rent, defined as:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

- g) The valuation date is the date of our inspection, unless agreed otherwise.
- h) The valuation will be prepared by an RICS Registered Valuer, in the capacity of external valuer.
- i) The valuation will be in sterling.
- j) Special assumptions, to be valued to: Tenant to undertake all works.
- k) Extent of valuer's investigations:
 - We will not carry out formal searches of the title, and you should rely on your solicitors in this respect
 - If the property is let, we will need to see a copy of the lease(s).
 - We will undertake a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty, as can be seen whilst standing at

VALUATION TERMS OF ENGAGEMENT

ground level within the boundaries of the site and adjacent public/communal areas, and whilst standing at the various floor levels, as we consider reasonably necessary.

- We will not carry out a structural survey, nor will we inspect woodwork or other parts of the property which are covered, unexposed or inaccessible, and such parts will be assumed to be in good repair and condition. The report will not purport to express an opinion nor to advise upon the condition of uninspected parts, and should not be taken as making any implied representation or statement about such parts.
 - We will not arrange for any investigation to be carried out to determine whether or not high alumina cement or calcium chloride additive or any other potentially deleterious material was used in the construction of the property or has since been incorporated, and we, therefore, cannot report that the property is free from risk in this respect.
 - We will not make any specific tests of the services.
 - We will not identify the existence of contamination unless reports have been made available to us in this respect. The valuation will be on the basis that our enquiries have not revealed any contamination affecting the property or neighbouring property which would affect our valuation. If, as a result of our inspection, we consider it appropriate that further investigation is carried out, we will recommend the appointment of appropriate consultants. We may reserve the position about issuing our report, until such reports are available.
 - All measurements will be approximate, and given in accordance with the RICS property Measurement 20 Edition.
 - Where requested, we will, without recourse, give a guide as to the fire insurance reinstatement figure we consider appropriate. This will be given solely as a guide, as a formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs.
 - We consider our liability, in its totality, is capped at the level of the relevant value reported.
- l) We will make on-line enquiries only, to the extent we consider necessary, of the appropriate planning authority. Unless otherwise stated, no enquiries will have been made nor will we have had sight of any documents or licences, fire certificates, public entertainment licences, gaming, bingo and gaming machinery licences, documents under food safety acts, food hygiene regulations and environmental health regulations. Similarly, we will not carry out an asbestos survey, or an audit under the Equality Act.
- m) Neither the whole nor any part of the report may be included in any published document, circular or statement, nor published in any way without the valuer's written approval of the form and context in which it may appear.
- n) The report will be confidential to you and your professional advisers. We can accept no responsibility to third parties, we extend no warranty to the lessee nor to those acting as syndicated investors.
- o) The report will be prepared in accordance with the RICS Valuation --Global Standards 2021.
- p) We confirm the valuer has the knowledge, skills and understanding to undertake the valuation competently.

VALUATION TERMS OF ENGAGEMENT

- q) As agreed, our fee will be £900 + VAT paid prior to the release of our advice.
- r) We aim to provide a good quality, courteous service, free from any discrimination or bias, within reasonable timescales, and in accordance with these terms and conditions. Should you for any reason have cause to complain, we do operate a formal complaints system. If you would like to see our written procedure, please ask.
- s) The valuation may be subject to monitoring under RICS conduct and disciplinary regulations.
- t) Amendment of these terms of engagement without the express written agreement of Kemsley LLP, as to the nature of the variation, shall not alter these terms.

You agree that we hold and use personal information in accordance with GDPR. Our Privacy Policy sets out the types of personal information collected and the way it may be used. The Bribery Act 2010 introduced a corporate criminal offence applying to commercial organisations which carry on business in the United Kingdom. Kemsley LLP will uphold all laws relevant to countering bribery and corruption. Our Anti Corruption Policy sets out responsibility and guidance in this respect and applies to all individuals employed by or associated with Kemsley LLP. Both these policies are available from ann.weston@kemsley.com.

These definitions, terms and conditions form part of the valuation report.

KEMSLEY LLP



Land Parcel at Connaught Road, Rayleigh, Essex, SS6 8UG

APPENDIX 2

LOCATION PLANS



HM Land Registry
Official copy of
title plan

Title number **EX422025**
Ordnance Survey map reference **TQ8290SE**
Scale **1:2500 reduced from 1:1250**
Administrative area **Essex: Rochford**



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Appendix 3

CAB at Mill Hall Arts and Events Centre

Background Information and Proposed Heads of Terms

The basis of the new licence will be a peppercorn rent, i.e. £1, same as the previous licence at Civic Suite, with the Licensee being responsible for Public Liability and Employer insurance

The proposed main heads of terms of the licence are as follows:

- 2-year licence term at a peppercorn rent
- Break clause by either party with 6 months' notice
- Licensee to use the designated office space on Tuesdays and Thursday from 0900 to 1600 hours
- Licensee to provide Public Liability and Employer Insurance
- No security of tenure
- 5 parking spaces, subject to review by the Landlord from time to time



RENTAL VALUATION

**CAFÉ & PART OFFICES OF THE MILL ARTS & EVENTS CENTRE
MILL HALL
BELLINGHAM LANE
RAYLEIGH
ESSEX SS6
7ED**

**PREPARED ON BEHALF OF

ROCHFORD DISTRICT COUNCIL
COUNCIL OFFICES
7 SOUTH STREET
ROCHFORD
ESSEX
SS4 1BW**

**FOR THE ATTENTION OF

WILLIAM MAO**

**BY

D BUTCHER BSc (HONS) MRICS
KEMSLEY LLP
SUITE 4, FIRST FLOOR
PHOENIX HOUSE
CHRISTOPHER MARTIN ROAD
BASILDON
ESSEX
SS14 3EZ**

OUR REF: DB/jb/VC13539

DATE OF REPORT: 1ST MARCH 2023

PHOTOGRAPHS
FRONT ELEVATION



INTERNAL CAFÉ



INTERNAL OFFICES



1.0 Instructions

- 1.1** Acting in accordance with your instructions received by email (which we accept - copy at Appendix One), asking us to carry out a rental valuation on behalf of the Council relating to the above-mentioned property and we have now concluded our enquiries. The purpose of this report is for asset management purposes.
- 1.2** The date of the report is 1st March 2023. This report has been prepared by Daniel Butcher BSc (Hons) MRICS.
- 1.3** We confirm the valuation is prepared in accordance with the RICS Valuation – Global Standards 2021, which incorporates the International Valuation Standards (IVS). We are acting as external valuers and have the knowledge, skills and understanding to undertake the valuation competently. We confirm that we have had no previous involvement which represents a conflict. The purpose of this report is for asset management purposes. The valuation may be subject to monitoring under RICS conduct and disciplinary regulations. The basis of valuation is Market Rent, defined as:
- "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
- 1.4** As instructed, we have not carried out a building or asbestos survey of the property, nor have we carried out an environmental audit or soil survey. We have not had sight of an Access Audit to assess compliance with the Equality Act 2010, and our valuation assumes that it is compliant. We have not been instructed to prepare an Access Audit and are not suitably qualified to determine compliance ourselves. We would be glad to review the content of an access audit if passed to us prior to relying on this report to confirm if our opinion is unchanged.
- 1.5** This valuation report is provided for the stated purpose and for the sole use of the named client. It is confidential to you and your professional advisers, and the valuer accepts no responsibility whatsoever to any other person.
- 1.6** Neither the whole nor any part of this report may be included in any published document, circular or statement, nor published in any way without the valuer's written approval of the form and context in which it may appear.
- 1.7** No allowance has been made for the cost of disposal, nor for any liability for taxation which may arise on disposal.
- 1.8** This report has been based, to some extent, on information provided verbally which should be checked by your solicitors. In particular this applies to tenure and planning. Their searches may also reveal whether any historical use of the property is likely to have resulted in contamination.

2.0 Location and Description

- 2.1** Rayleigh is situated in the South East Essex Area on the edge of Thames Gateway approximately 40 miles to the east of central London and 6 miles to the west of Southend-on-Sea accessed via the A127 Southend Arterial Road which provides good communications throughout the South East Essex Area and direct links to the M25 which is approximately 15 miles distant.
- 2.2** Mill Hall is situated between Bellingham Lane car park, Mill Hall car park and Rayleigh Mill. It sits just off the High Street accessed from Bellingham Lane. The High Street is a short walk south along Bellingham Lane, providing all main amenities. Within a relatively short walking distance is Rayleigh mainline railway station which provides services on the Greater Anglia line into London Liverpool Street. Surrounding properties comprise car parking, residential and retail.
- 2.3** The subject property comprises offices currently used as meeting room, smaller offices with store and café with trade kitchen and stores. Access to all the parts of the property are through the communal lobby although the café has its own entrance externally from the café and trade kitchen. Services are assumed to be shared and would form part of the service charge or separate sub-metered; Rates would have to be reassessed individually for the component parts and shared WC's are assumed to be available on site. We understand that you are considering letting these parts of the property and have given consideration to their Market Rent only.

3.0 Tenure

- 3.1** We were supplied with brief details of tenure by you. We have not carried out a formal search of the title. We assume that no onerous or restrictive covenants attach to the title. It is recommended for solicitors to carry out their own searches. In the event of a letting we assume any letting taking place on standard institutional terms on the terms set out in the valuation section of this report.
- 3.2** We understand that the freehold interest in the subject property is held by you under Title Number EX524840. This includes The Mill, Mill Hall car park, The Mill Arts & Events Centre (subject of this valuation) and Bellingham Lane car park. The subject of this report comprises only the ground floor café with ancillary trade kitchen and stores, the offices to the face left at ground floor as entering the lobby and the offices/store room to the face right after the reception. You have provided us with a copy of the plan marking out these individual areas which we attach to the rear of this report. We assume each office would benefit from at least one car parking space with the café having one to two car parking spaces. We assume this would be provided by way of permit parking within the Mill car park. Generally the requirement is one car parking space per 250 sq ft for offices and one car parking space per retail unit. We assume rights of way would be provided over estate roads, the communal lobby to gain access to the offices during normal working hours but also available upon the basis only outside of the usual working hours.

4.0 Accommodation

- 4.1** From our inspection the accommodation is arranged as follows:

Meeting Room/Office: Ground floor meeting room with smaller store room.

Offices/ Store Room: Ground offices in two rooms plus store room.

Café: Café seating area with service counter plus trade kitchen and store room.

4.2 We have utilised plans provided to measure the property on a Net Internal Area basis to be as follows:

Gross Internal Area

Offices/Meeting Room:	45.6 m ²	490 sq ft
Offices/Store:	29.2 m ²	314 sq ft
Café:	57.0 m ²	614 sq ft
Kitchen/Store:	24.9 m ²	268 sq ft
Retail (ITZA):	49.6 m ²	534 sq ft

5.0 Services

5.1 We assume that the café and offices are capable of sharing and using mains drainage, gas, electricity, and water from the site. We assume that service such as toilets, wash facilities etc are available on site for communal use.

6.0 Construction and Condition

6.1 We have not carried out a building or asbestos survey, nor have we inspected woodwork or other parts of the property which are covered, unexposed or inaccessible, and such parts will be assumed to be in good repair and condition. The report will not purport to express an opinion nor to advise upon the condition of uninspected parts and should not be taken as making any implied representation or statement about such parts. We have undertaken a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty, as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas, and whilst standing at the various floor levels, as we consider reasonably necessary. We have not arranged for any investigation to be carried out to determine whether or not high alumina cement or calcium chloride additive or any other potentially deleterious material was used in the construction of the property or has since been incorporated, and we, therefore, cannot report that the property is free from risk in this respect. We have not investigated matters relating to, fire safety or precautions, internal fire stopping and potential combustibility of cladding. We do not warrant the fire rating/combustibility of materials attached to or incorporated within the fabric of the property and you should make your own enquiries in these regards.

6.2 The building is likely to be of a framed construction rising to a height of two storeys having what is a solid concrete floor at ground floor level and assumed suspended concrete floor at first floor level with external elevations rendered and painted or of facing brickwork. Windows are a mixture of aluminium frames either single or double glazed. Offices are fitted out with wall mounted radiators but no air-conditioning. There are suspended ceilings to part incorporating LED lighting whilst other parts have Artex ceilings with surface mounted strip lighting. Floors are generally covered with carpet. Decoration of café is moderate with the trade kitchen and store out to the rear. The ceiling tiles appear as though they may be covered with polystyrene and this should be investigated before occupation as it could pose a fire risk. Floors to

the café are covered with wood to the customer facing area whilst non slip vinyl is used within the trade area.

7.0 Site

- 7.1** The subject of this report comprise internal accommodation with a larger building in site. The site area of the individual parts extends to the floor areas reported earlier in this report.
- 7.2** We have measured the site utilising online Promap digital measuring service to be 2,498m² / 0.62 acres. The site is irregular in shape and encompasses the pedestrian area to the front of the main entrance, the rear car park, flank terrace and some of the landscaped areas surrounding the property.

8.0 Use

- 8.1** The building is used for a variety of uses falling within Use Class F and E. At the time of our inspection there was an exercise class being undertaken in the main hall. Whilst this would be of benefit to services such as the café, the adjoining offices may find the noise off putting during normal working hours. Tenants may request additional sound proofing to limit the noise from the main hall if utilised as offices.

9.0 Planning and Highway

- 9.1** We have not made any specific enquiries of Rochford District Council, save for our correspondence with you on this instruction. We have assume that all parts of the property are capable of being used for the intended use as café and offices. We have therefore assumed open E Use.
- 9.2** Bellingham Lane is made up, so we assume adopted by the Highway Authority and maintainable at public expense, although solicitors should check. We assume tenants would have the right of way to enter and exit from their demise and also to access communal facilities on site.

10.0 Value Added Tax

- 10.1** Commercial properties first occupied since 01 April 1989 are subject to VAT. From the same date there is an option to tax existing properties. Most occupiers (except charities and financial institutions) can generally fully recover VAT. We have therefore excluded any potential VAT liability from our report.

11.0 Environmental Matters

- 11.1** We have not carried out any investigation of the site to see whether it is or has been contaminated in the past. Our report is on the assumption that it is not contaminated and is not likely to be so defined by the appropriate enforcing authority.
- 11.2** You have not asked us to commission an Environmental Risk Assessment and one has not been undertaken. Whilst we are not Experts, nothing seen during the course of our inspection alerted us to any reason as to why you should commission one.
- 11.3** We report energy ratings as they appear on the EPC, we do not provide advice as to the adequacy of the current, or the level of future assessments. The Energy Act 2011 includes provisions which affect the

private rented sector, both residential and commercial (with very few exceptions, such as places of worship and agricultural buildings). From April 2016, private residential landlords are unable to refuse a tenant's reasonable request for consent to energy efficiency improvements to a property, where a finance package such as the Green Deal and/or the Energy Company Obligation is available. Since April 2018, it is against the law to rent out either residential or commercial premises where a minimum energy efficiency standard has not been achieved. The rating that premises have to meet is energy rating E. Landlords are not able to let that property until appropriate energy efficiency improvements have been made. Certificates must be provided for all property sales at the expense of the seller, and all leases at the expense of the landlord. Where a valid EPC is present, this must be above rating E for lease renewals, and from April 2023 for all let commercial properties. Older EPC assessments may be subject to more stringent criteria, upon their renewal, and the energy rating may reduce. There is the potential that requirements for energy ratings are tightened into the future. A new certificate must be produced every 10 years. Penalties up to £5000 will be levied for non-compliance.

We have been unable to find a valid Energy Performance Certificate for the subject property as these appear to have expired in 2022. The Rating was B and anticipate a new letting would be accompanied by a certificate to at least Rating E or better.

- 11.4** We have made enquiries of the Environment Agency Gov.uk website and the property is situated in an area at a very low risk of flooding.
- 11.5** In respect of the Control of Asbestos Regulations 2012, occupiers and/or those responsible for the maintenance of workplace, commercial premises, some areas of domestic accommodation such as common areas, hotels and areas of sheltered accommodation etc., have an obligation to carry out an investigation to identify, risk assess, and manage asbestos bearing materials. Such management plans must be up to date and in writing. We have not had sight of such an assessment or plan and would recommend that this is provided to any prospective tenant, or other such interested party in the event of a letting. Where no assessment and plan has been undertaken, it must be commissioned immediately. We assume the property does not contain asbestos or that the recommendation to manage the asbestos is only to label and manage. All use of any asbestos was banned in 1999 so buildings constructed from 2000 onwards should not require such a survey.
- 11.6** We have made enquiries of the Government Department of Public Health for England on-line website and the property is shown in an area of 1km² where the maximum radon potential is less than 1%. This is the lowest tier of rating that Public Health England uses and therefore we consider the risk to be relatively low. We do not consider that a separate survey would be likely required to be commissioned.
- 11.7** We undertook an inspection of the site and surrounding area and could not identify Japanese Knotweed. That said, our inspection took place in the winter when Japanese Knotweed dies back and is more difficult to identify.

12.0 Market Commentary

- 12.1** The Covid-19 pandemic affected the economy in 2020 and the subsequent national and international effects are still being felt. Recent variants have proved to be highly transmissible, but appear to be less harmful to the vaccinated, leading to the UK government moving to reduce restrictions and open up the economy.
- 12.2** In 2022 we noted continued demand for commercial property. Whilst some sectors were badly hit by the pandemic, such as leisure and prime retail, the latter exacerbated by the normalisation of E-commerce,

the industrial sector has been very strong throughout, with good demand particularly for freehold property. There is now evidence of yields moving out and demand lessening for investment and owner occupier stock. The residential market performed strongly for most of 2022, with restricted supply, notwithstanding the RICS Residential Market Surveys showing reduced demand, there are indications that this reduction in demand had become entrenched in the last quarter of 2022 with agents reporting downward pressure on offers received.

12.3 As the current year starts there are a number of factors that have the potential to affect the property market.

There remains the potential for Covid variants to emerge which escape immunity and cause severe disease.

The interruption of global supply chains, arising from the pandemic has not yet been fully resolved, inflation has increased significantly, although there are some early signs this may be easing.

Following the Russian incursion into Ukraine, restrictions placed on Russia and its allies, affecting oil and gas, raw materials for industry, fertiliser, foodstuffs etc, poses a significant ongoing risk to economic stability. Ukraine's contribution to global food and raw materials supply is also badly affected.

It is likely that inflation will be at elevated levels over the coming year. The Bank of England has increased interest rates and this is likely to continue. There is a possibility of a significant slowdown in the economy, which is likely to have negative effect upon the property market, across all sectors. Consumer confidence is low. A weaker economic outlook, increases in taxation, elevated interest rates and inflation will be a significant factor in the market during the coming year.

There are likely to be further increases in interest rates, these are already much higher than the previous BoE (August 2022) projection of a baseline figure around 3% for 2023, currently 4.0%. It is likely that the level of and uncertainty around, elevated mortgage and lending rates, will be a drag on the property market.

12.4 At the present time, we would consider that a watching brief be kept upon the UK property market. As outlined above there is ongoing potential for a significant change in economic conditions, which overlay geopolitical matters and a degree of uncertainty regarding the near-term future, across a number of economic sectors. This is likely to affect economic performance and with it the property market. This situation continues to evolve, we consider there is potential market uncertainty with regards future property values. There is the strong likelihood of a recession in the UK and beyond, in the near future, which is likely to have a negative effect on property values. The future of the economy and property sector cannot be priced into our valuation which is at the date stated in this report and in many ways is based upon historic transactions and does not predict future changes in value.

13.0 Supporting Information

- 13.1** We have made enquiries of availabilities as well as deals done in respect of properties falling within office, community, or healthcare in the general area. We set these out below:

Office Evidence:

Phoenix House, Christopher Martin Road, Basildon, SS14, comprising small office accommodation finished to a good standard of decoration within multi-let office development, have been let by our Agency Department by way of 5-year leases incorporating tenant breaks at year 3 at a rents of between £20 - £23.50 per sq ft depending upon size and whether the offices have recently been refurbished.

1st Floor, 97 – 99 High Street, let in March 2022 by way of a five year lease incorporating one months rent free at a rent of £15,600 per annum exclusive. The suite measures 832 sq ft meaning that the rent analyses to £18.75 per sq ft.

3 Eastwood Road, Rayleigh, let by way of a five year FRI lease in February 2021 at a rent of £20,000 per annum exclusive. The property measures 840 sq ft on an NIA basis with an ITZA of 402 sq ft. The agreed rent analyses to £46 per sq ft on an ITZA basis.

We let the adjacent shop at 5 Eastwood Road in the same year at a rent of £15,000 per annum exclusive. This property was smaller extending to 388 sq ft on a net internal area basis. The ITZA was 326 sq ft meaning that the agreed rent also analyses to £46 per sq ft ITZA.

42 High Street, Rayleigh, comprising a larger shop measuring 1,005 sq ft with 676 sq ft at first floor let in June 2021 at £34,000 per annum exclusive, the ITZA measures 895 sq ft meaning the rent equates to £38 per sq ft in terms of Zone A.

97 High Street, Rayleigh, let in April 2022 at a rent of £30,000 per annum exclusive. The premises measure ITZA 508 sq ft meaning the agreed rent analyses to £59 per sq ft in terms of Zone A.

14.0 Valuation

- 14.1** The subject property comprises café and offices within larger Events Centre owned by the Council. You are considering letting of part which we assume will be by way of full repairing and insuring leases with obligation to contribute or liability to pay service charge, utility rates and insurance. We assume the leases will be on otherwise standard institutional terms for a period of five years incorporating mid-term break and potentially upward only rent review at year three. We have assumed that the smaller office will benefit from one car parking space, the larger office two car parking spaces and the café one car parking space.
- 14.2** We consider the Market Rent of the smaller office measuring 314 sq ft to be £6,300 per annum equating to £20 per sq ft after minor rounding. We consider the larger office which presents slightly better and is one large room preferable as a small open plan office with store to have a Market Rent of £9,800 per annum exclusive equating to £20 per sq ft after minor rounding. We have not differentiated between the rents given the slight difference in specification. With regard to the café we have adopted £30 per sq ft with £6 per sq ft to the kitchen and store room. This gives £18,000 per annum exclusive. This is off the rent achieved on the High Street and Eastwood Road close by but The Mill is set back from both and has significantly less footfall than the comparables. As such with it being tucked to the side of the building having limited visibility externally, we consider that the majority of the trade would be from ancillary

activities at the centre itself rather than as a destination which is likely pull trade from the High Street with competing businesses already established there.

14.3 We consider up to nine months marketing would be required in the case of each letting.

Report signed by:
D BUTCHER BSc (Hons) MRICS
Director
Kemsley LLP
Daniel.butcher@kemsley.com



JUNE 2022
VC13233

APPENDIX 1

TERMS OF ENGAGEMENT

Our Ref: DB/jb

24th January 2023

46 NEW BROAD STREET
LONDON E14 7JH

T: 020 7422 6350

property@kemsley.com
www.kemsley.com

Rochford District Council
Assets & Commercial Services
Council Offices
South Street
Rochford
Essex
SS4 1BW

For the attention of: William Mao

Dear Mr Mao

Property: Offices & Café In The Mill Arts & Events Centre, Rayleigh

Further to your enquiry to provide a valuation report stating the Market Rent that could be achieved of offices and café, we confirm our fee would be £950 plus VAT. We estimate that a turnaround time of circa 10 working days would be required from confirmation of instructions. We require the proposed lease terms by way of a set of Heads of Terms or similar, setting out the salient details of the proposed lease agreement to be valued.

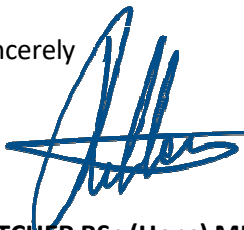
The advice will be provided as set out in our draft Terms of Engagement previously supplied to you and appended to the rear of this letter. We require payment of our fee in advance of releasing our report.

Our bank details as requested are as follows:

Kemsley LLP
National Westminster Bank Plc
Sort Code: 60-05-13
Account No.: 89481658

Once you confirm you are instructing us, with Purchase Order Number, I will issue Terms of Engagement and an invoice to you.

Yours sincerely



DAN BUTCHER BSc (Hons) MRICS

KEMSLEY LLP

Mobile: 07837 385480

E-mail: dan.butcher@kemsley.com

Enc.



Basildon, Chelmsford, London, Rainham, Watford.

Kemsley LLP is a limited liability partnership registered in England number OC 326192. The registered office address is 113 New London Road, Chelmsford, Essex CM2 0QT.

VALUATION TERMS OF ENGAGEMENT

Regarding your instructions for this firm to carry out a valuation we set out the scope of the service to be provided.

- a) Our client is you.
- b) The purpose of the valuation is: To determine the Market Rent.
- c) The property subject within Terms of Engagement is: Offices and café in The Mill Arts and Events Centre, Rayleigh, Essex.
- d) The interest to be valued is: Freehold.
- e) Type of asset and classification: Offices and cafe.
- f) We confirm the valuation is prepared in accordance with the RICS Valuation – Global Standards 2021, which incorporates the International Valuation Standards (IVS). We are acting as external valuers and have the knowledge, skills and understanding to undertake the valuation competently. We confirm that we have had no previous involvement which represents a conflict. The purpose of the valuation is for to determine the rent for a new letting. The valuation may be subject to monitoring under RICS conduct and disciplinary regulations. The basis of valuation is Market Rent, defined as:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
- g) The valuation date is the date of our inspection, unless agreed otherwise.
- h) The valuation will be prepared by an RICS Registered Valuer, in the capacity of external valuer.
- i) The valuation will be in sterling.
- j) Special assumptions, to be valued to: Tenant to undertake all works.
- k) Extent of valuer's investigations:
 - We will not carry out formal searches of the title, and you should rely on your solicitors in this respect
 - If the property is let, we will need to see a copy of the lease(s).
 - We will undertake a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty, as can be seen whilst standing at

ground level within the boundaries of the site and adjacent public/communal areas, and whilst standing at the various floor levels, as we consider reasonably necessary.

- We will not carry out a structural survey, nor will we inspect woodwork or other parts of the property which are covered, unexposed or inaccessible, and such parts will be assumed to be in good repair and condition. The report will not purport to express an opinion nor to advise upon the condition of uninspected parts, and should not be taken as making any implied representation or statement about such parts.
 - We will not arrange for any investigation to be carried out to determine whether or not high alumina cement or calcium chloride additive or any other potentially deleterious material was used in the construction of the property or has since been incorporated, and we, therefore, cannot report that the property is free from risk in this respect.
 - We will not make any specific tests of the services.
 - We will not identify the existence of contamination unless reports have been made available to us in this respect. The valuation will be on the basis that our enquiries have not revealed any contamination affecting the property or neighbouring property which would affect our valuation. If, as a result of our inspection, we consider it appropriate that further investigation is carried out, we will recommend the appointment of appropriate consultants. We may reserve the position about issuing our report, until such reports are available.
 - All measurements will be approximate, and given in accordance with the RICS property Measurement 2nd Edition.
 - Where requested, we will, without recourse, give a guide as to the fire insurance reinstatement figure we consider appropriate. This will be given solely as a guide, as a formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs.
 - We consider our liability, in its totality, is capped at the level of the relevant value reported.
- l) We will make on-line enquiries only, to the extent we consider necessary, of the appropriate planning authority. Unless otherwise stated, no enquiries will have been made nor will we have had sight of any documents or licences, fire certificates, public entertainment licences, gaming, bingo and gaming machinery licences, documents under food safety acts, food hygiene regulations and environmental health regulations. Similarly, we will not carry out an asbestos survey, or an audit under the Equality Act.
- m) Neither the whole nor any part of the report may be included in any published document, circular or statement, nor published in any way without the valuer's written approval of the form and context in which it may appear.
- n) The report will be confidential to you and your professional advisers. We can accept no responsibility to third parties, we extend no warranty to the lessee nor to those acting as syndicated investors.
- o) The report will be prepared in accordance with the RICS Valuation –Global Standards 2021.
- p) We confirm the valuer has the knowledge, skills and understanding to undertake the valuation competently.

- q) As agreed, our fee will be £950 + VAT paid prior to the release of our advice.
- r) We aim to provide a good quality, courteous service, free from any discrimination or bias, within reasonable timescales, and in accordance with these terms and conditions. Should you for any reason have cause to complain, we do operate a formal complaints system. If you would like to see our written procedure, please ask.
- s) The valuation may be subject to monitoring under RICS conduct and disciplinary regulations.
- t) Amendment of these terms of engagement without the express written agreement of Kemsley LLP, as to the nature of the variation, shall not alter these terms.

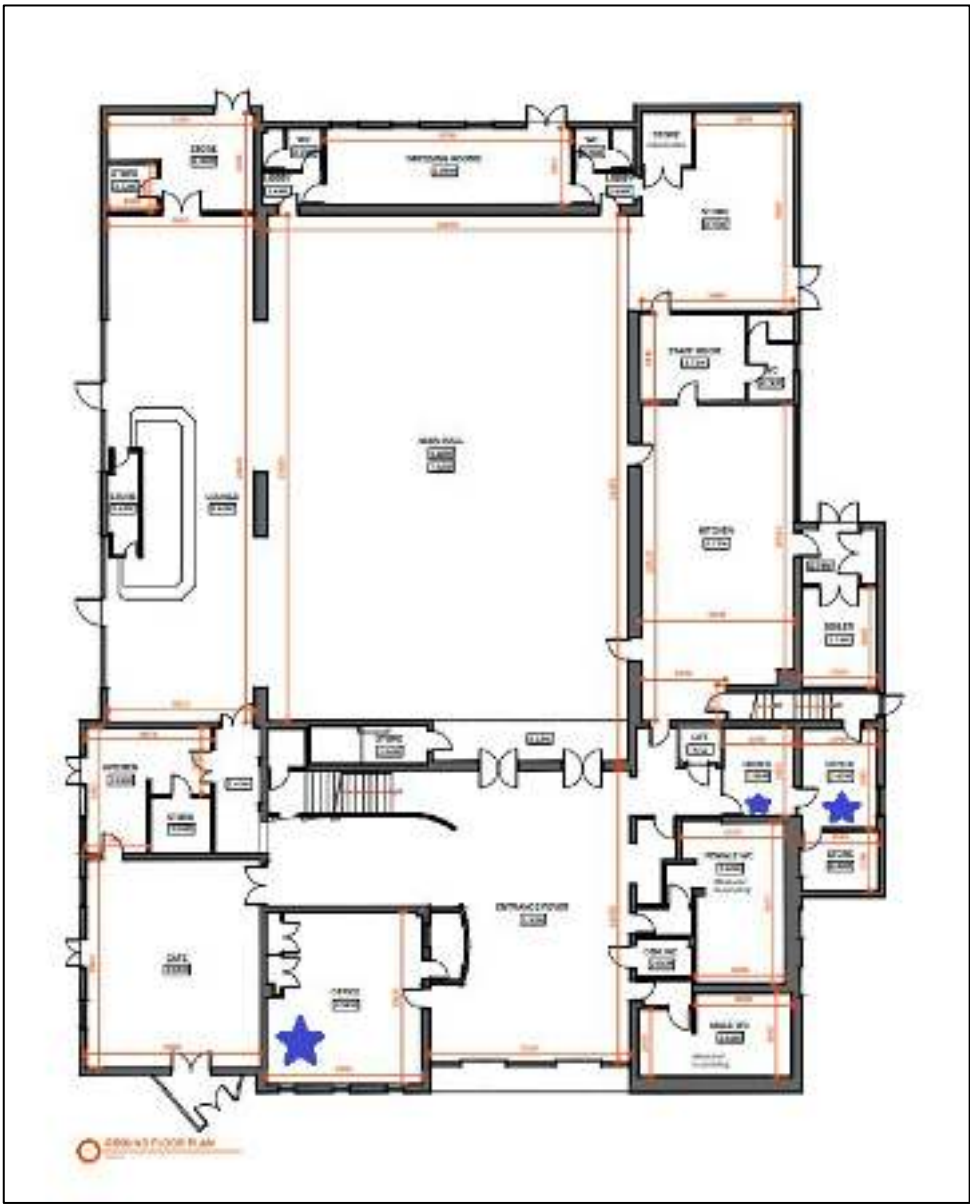
You agree that we hold and use personal information in accordance with GDPR. Our Privacy Policy sets out the types of personal information collected and the way it may be used. The Bribery Act 2010 introduced a corporate criminal offence applying to commercial organisations which carry on business in the United Kingdom. Kemsley LLP will uphold all laws relevant to countering bribery and corruption. Our Anti Corruption Policy sets out responsibility and guidance in this respect and applies to all individuals employed by or associated with Kemsley LLP. Both these policies are available from ann.weston@kemsley.com.

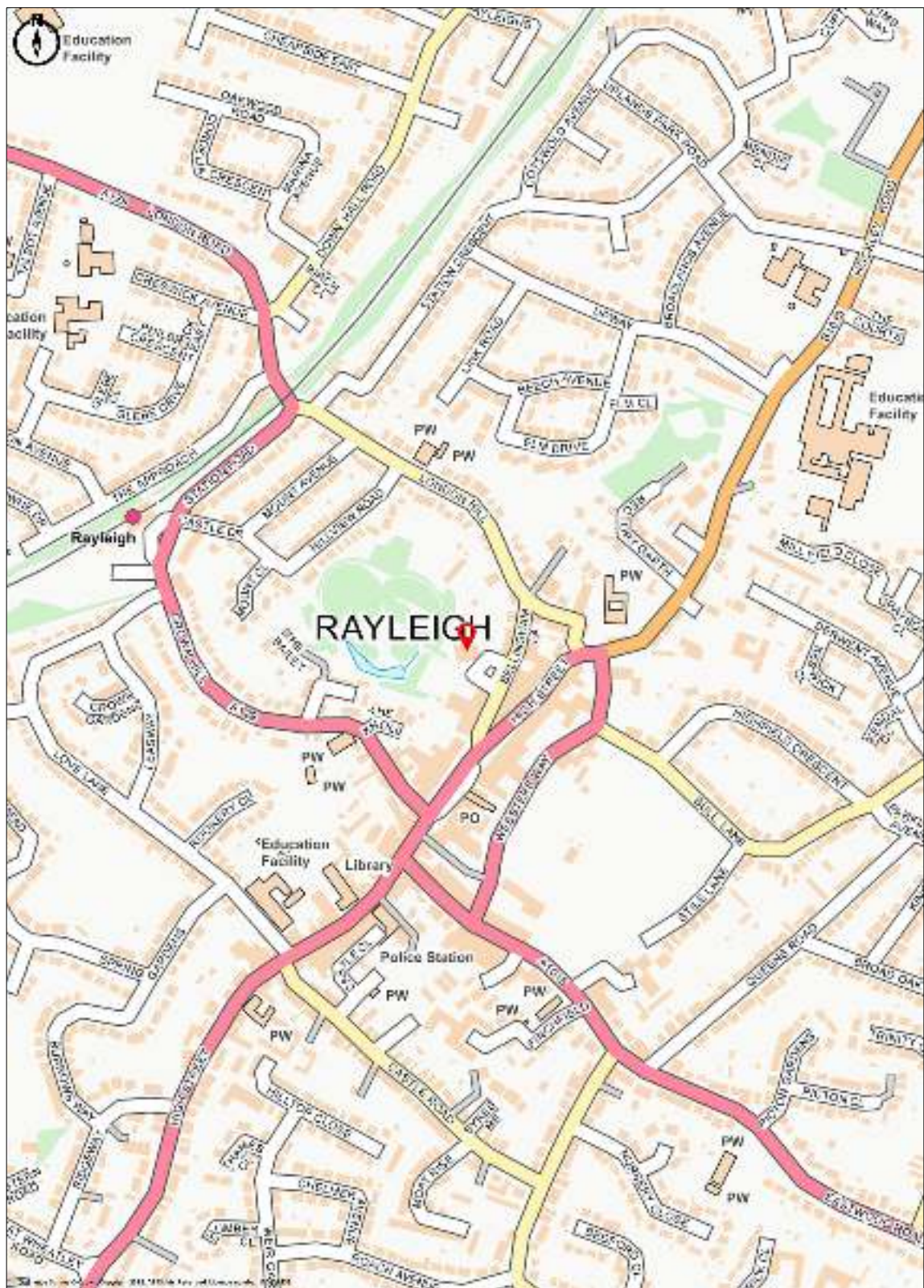
These definitions, terms and conditions form part of the valuation report.

KEMSLEY LLP

APPENDIX 2

LOCATION AND SITE PLANS





Day Centre at Back Lane, Rochford for CAB demise.

Background Information and Proposed Heads of Terms.

The previous licence had been expired on 31st March 2019. Currently the Licensee is still using the demised premises. The licence holdover period will be ended upon signing of the new licence agreement.

The basis of the new licence will be a peppercorn rent, i.e. £1, same as the previous licence, with the Licensee being responsible for Public Liability and Employer insurance

The proposed main heads of terms of the licence are as follows:

- 2-year licence term at a peppercorn rent
- Break clause by either party with 6 months' notice
- Licensee to be responsible for internal maintenance and cleaning
- Licensee to provide Public Liability and Employer Insurance
- No security of tenure
- 6 parking spaces and 1 mini bus space, subject to review by the Landlord from time to time



Ayers & Cruiks

REPORT & VALUATION

In Respect Of

**Day Centre and Offices
Back Lane Rochford
Essex
SS41AY**

Prepared For

**Rochford District Council
Attention: William Mao BSc (Hons) MRICS**

Prepared By

**Kevin Cruiks BSc FRICS
Ayers & Cruiks**

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RESIDENTIAL AND COMMERCIAL PROPERTY MANAGERS /
CHARTERED SURVEYORS/
VALUATIONS/ ACQUISITIONS/
RENT REVIEWS/LEASE RENEWALS/
DILAPIDATIONS / SURVEYS

ayerscruiks.co.uk

Website



INSTRUCTIONS

We refer to instructions received from William Mao BSc (Hons) MRICS, Asset Surveyor for Rochford District Council for us to prepare a Report on the Market Rental Value of premises situated in Back Lane in Rochford, Essex.

We confirmed our instructions on 6 December 2022 however, there were issues in gaining access to the Day Centre, who requested that we delay our inspection until the New Year.

We understand the valuation is required to assist the Council in establishing the Market Rental Value for the premises before negotiations with the tenants.

We inspected the property on 24 January 2023.

The weather at the time was cold and overcast.

The Valuation has been prepared in accordance with the Practice Statements and Guidance Notes contained within the Valuation Standards issued by the RICS ('the Red Book'), which incorporates the International Valuation Standards.

We confirm that the Valuer is an independent valuer for the purpose of this Valuation.

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

DESCRIPTION AND LOCATION

The premises are situated in Back Lane in Rochford, Essex. Rochford is an historic town situated to the north of Southend and the property is situated amongst the historic town centre.

Back Lane is a one-way street that runs in a westerly direction from its junction with South Street, exiting onto West Street which is also a one-way street exiting out onto the roundabout at the junction with Bradley Way. Back Lane runs parallel with West Street, which is the main shopping street of central Rochford, incorporating the market square.

Pedestrian access to the property is off of Back Lane, but vehicular access is obtained through Locks Hill, which gives access into the public car park. The premises benefit from having 5 to 6 car parking spaces for their exclusive use of the CAB. There is an abundance of parking available in the rest of the surface car park, although this is chargeable.

The property comprises a pair of semi-detached single-storey construction properties under double-pitched tiled roofs.

The CAB section of the building has a faced brickwork plinth with black weatherboarding elevations on the rear and side elevations, with the building frontage onto the car park being of brickwork with a central access door.

Access into the building is into an internal lobby with an inner set of doors leading into a corridor, giving access 5 x separate office areas with disabled WC and separate kitchen. The offices are fitted out to a reasonable standard benefiting from gas-fired central heating via radiators. The property benefits from 6 x parking spaces.

The remaining section of the building used as a seniors day centre is accessed via a separate entrance. This section is of brick construction with a separate pedestrian entrance leading into a reception hallway, with corridor leading down to a large, open plan hall area. There was a large kitchen with serving hatch through into the main hall, with WCs, storage cupboard/cloakroom and a storage cupboard in the main hall.

Again, the property appears to be heated via gas central heating via radiators.

ACCOMMODATION

We have measured the property in accordance with the RICS Code of Measuring Practice one net internal basis:

Day Care Centre	138.11 sqm	1,486 sqft
Citizens' Advice Bureau	41.94 sqm	451 sqft

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 brief inspection, we noted the property appears to be in reasonable condition considering its age and use.

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 the premises benefits from an unencumbered Freehold Title, free of any tie, burden or restriction that would adversely affect value.

We have not been provided with copies of Leases for the property. We are therefore assuming that the premises are both let on what would be assumed to be Commercial Tenancy Agreements that qualify as Business Tenancies for the purpose of Sections 24 to 28 of the Landlord and Tenant Act 1954.

HIGHWAYS

We are assuming for the purpose of this valuation that Back Lane is a made-up and adopted road, maintained at the public expense and that the carparking areas to the front of the property are all maintained at the expense of the Council.

PLANNING

We have not made any enquiries on the lawful planning use of the subject properties, but we are assuming that the property benefits from all lawful consents allowing it to be used for its existing use.

SERVICES

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

ASSESSMENTS

Our enquiries of the Valuation Office Agency website reveal the following Rateable Values:

Citizens' Advice Bureau	Current Rateable Value	£5,400 rising to £6,500 from 1 April 2023
Day Centre, Back Lane	Current Rateable Value	£4,600 falling to £4,300 from 1 April 2023

EPC

We have not been provided with an Energy Performance Certificate for this property and were unable to locate on the government website. 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 15 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

The subject properties are situated in the centre of Rochford off of the main high street but on the main pedestrian route from the central car parks for the town centre.

The Citizens' Advice Bureau offices present nicely and we have no doubt that if these were to hypothetically come to the market on a new Lease they would be highly sought after by potential occupiers looking for a small office in a town centre location with good parking provision. We would anticipate that any potential tenant would sign up for such a property on a new Lease for term of 3 to 5 years with the possibility of a break clause after 3 years.

The senior citizens' provides an essential service for residents of the town, but as valuers we need to have regard for the definition of Market Rental Value which requires valuers to *"provide the estimated amount for which a property or space within a property should lease/let on the day of valuation between a willing lessor and a willing lessee for an appropriate Lease term in an arm's length transaction after proper marketing where the parties had acted knowledgeably, prudently and without compulsion"*.

It is likely that if the property were to be put on the market for its existing use as a senior citizens' day centre, then it is unlikely that any commercial tenant would come forward to run this as they would be unlikely to be able to generate sufficient revenue and profit to make this a worthwhile exercise.

This use is something of a specialised use as hypothetically there is no commercial user in the market that would actively seek out this property in order to take a new Lease.

Therefore, if there is no demand in the commercial marketplace, then there is a low chance of achieving a Market Rent.

In order to provide an open Market Rental Value we need to assume that it has a marketable use and clearly at the present time this is not the case.

If the property were to be let for, say, a dance studio, gym, offices, even perhaps a restaurant, then it is likely that there would be tenants looking to take on a new Lease who would pay a Market Rent.

In reaching our conclusions on Rental Value, we have had to assume that an alternative use would be available upon which the property so it could be let in the open marketplace where a commercial tenant could operate a business and would stand a reasonable chance of producing sufficient revenue and profit to make this a worthwhile exercise for them.

VALUATION

We are of the opinion that the Market Rental Value of the subject property is as follows:

Citizens' Bureau	Advice	£7,500 (Seven Thousand Five Hundred pounds) per annum assuming a new 3 to 5-year Lease
Day Care Centre,		£11,500 (Eleven Thousand Five Hundred pounds) per annum assuming a new 3 to 5-year Lease Subject to the statements in the 'Appraisal' section above.

COMPARABLES

- **15Floor West Front, Cottis House** -a small suite of 550 sqft was let to Caron Care for a term of 3 years from 21 November 2022 at a rent of £8,100 per annum / £14.72 per sq. ft
- **GF West Cottis House** —a suite of 1,322 sq. ft was let to City Fibre in Nov 20 for a rent of £13,250 £10.03 per sq. ft.
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- **2nd Floor West Cottis House** – a suite of 1018 sq. ft was let to Digital Pie Media Ltd on a new lease from June21 at a rent of £11,000 £10.02 per sq. ft

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.

This Report is for the sole use of the person or body to whom it is addressed for the specific purposes, and must not be used, reproduced or relied upon in whole or in part by any third party for any purpose whatsoever, without the express written authority of AYERS & CRUIKS

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

31 January 2023

PHOTOGRAPHS





ORDNANCE SURVEY EXTRACT



Day Centre at Back Lane, Rochford for Old People's Welfare Committee.

Background Information and Proposed Heads of Terms

The previous 7-year lease had been expired on 22 October 2022. Currently the Tenant is still using the demised premises. The lease holdover period will be ended upon signing of the new lease agreement.

The basis of the new lease will be a peppercorn rent, i.e. £1, same as the previous lease, with the Tenant being responsible for maintaining the property in condition and repair, statutory compliance checks, insurance and payment of all utilities.

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

- 7-year lease term at a peppercorn rent
- Break clause by either party with 6 months' notice
- Landlord to insure the building and recharge tenant. Tenant to insure all stock, equipment and other contents on the demised premises.
- All utilities costs are borne by the Tenant
- Tenant to be responsible for internal maintenance and cleaning
- Tenant to provide Public Liability Insurance
- No security of tenure
- 6 parking spaces and 1 mini bus space, subject to review by the Landlord from time to time



Ayers & Cruiks

REPORT & VALUATION

In Respect Of

**Day Centre and Offices
Back Lane Rochford
Essex
SS41AY**

Prepared For

**Rochford District Council
Attention: William Mao BSc (Hons) MRICS**

Prepared By

**Kevin Cruiks BSc FRICS
Ayers & Cruiks**

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RENT REVIEWS/LEASE RENEWALS/
DILAPIDATIONS / SURVEYS

ayerscruiks.co.uk

Website



INSTRUCTIONS

We refer to instructions received from William Mao BSc (Hons) MRICS, Asset Surveyor for Rochford District Council for us to prepare a Report on the Market Rental Value of premises situated in Back Lane in Rochford, Essex.

We confirmed our instructions on 6 December 2022 however, there were issues in gaining access to the Day Centre, who requested that we delay our inspection until the New Year.

We understand the valuation is required to assist the Council in establishing the Market Rental Value for the premises before negotiations with the tenants.

We inspected the property on 24 January 2023.

The weather at the time was cold and overcast.

The Valuation has been prepared in accordance with the Practice Statements and Guidance Notes contained within the Valuation Standards issued by the RICS ('the Red Book'), which incorporates the International Valuation Standards.

We confirm that the Valuer is an independent valuer for the purpose of this Valuation.

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

DESCRIPTION AND LOCATION

The premises are situated in Back Lane in Rochford, Essex. Rochford is an historic town situated to the north of Southend and the property is situated amongst the historic town centre.

Back Lane is a one-way street that runs in a westerly direction from its junction with South Street, exiting onto West Street which is also a one-way street exiting out onto the roundabout at the junction with Bradley Way. Back Lane runs parallel with West Street, which is the main shopping street of central Rochford, incorporating the market square.

Pedestrian access to the property is off of Back Lane, but vehicular access is obtained through Locks Hill, which gives access into the public car park. The premises benefit from having 5 to 6 car parking spaces for their exclusive use of the CAB. There is an abundance of parking available in the rest of the surface car park, although this is chargeable.

The property comprises a pair of semi-detached single-storey construction properties under double-pitched tiled roofs.

The CAB section of the building has a faced brickwork plinth with black weatherboarding elevations on the rear and side elevations, with the building frontage onto the car park being of brickwork with a central access door.

Access into the building is into an internal lobby with an inner set of doors leading into a corridor, giving access 5 x separate office areas with disabled WC and separate kitchen. The offices are fitted out to a reasonable standard benefiting from gas-fired central heating via radiators. The property benefits from 6 x parking spaces.

The remaining section of the building used as a seniors day centre is accessed via a separate entrance. This section is of brick construction with a separate pedestrian entrance leading into a reception hallway, with corridor leading down to a large, open plan hall area. There was a large kitchen with serving hatch through into the main hall, with WCs, storage cupboard/cloakroom and a storage cupboard in the main hall.

Again, the property appears to be heated via gas central heating via radiators.

ACCOMMODATION

We have measured the property in accordance with the RICS Code of Measuring Practice one net internal basis:

Day Care Centre	138.11 sqm	1,486 sqft
Citizens' Advice Bureau	41.94 sqm	451 sqft

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 brief inspection, we noted the property appears to be in reasonable condition considering its age and use.

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 the premises benefits from an unencumbered Freehold Title, free of any tie, burden or restriction that would adversely affect value.

We have not been provided with copies of Leases for the property. We are therefore assuming that the premises are both let on what would be assumed to be Commercial Tenancy Agreements that qualify as Business Tenancies for the purpose of Sections 24 to 28 of the Landlord and Tenant Act 1954.

HIGHWAYS

We are assuming for the purpose of this valuation that Back Lane is a made-up and adopted road, maintained at the public expense and that the carparking areas to the front of the property are all maintained at the expense of the Council.

PLANNING

We have not made any enquiries on the lawful planning use of the subject properties, but we are assuming that the property benefits from all lawful consents allowing it to be used for its existing use.

SERVICES

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

ASSESSMENTS

Our enquiries of the Valuation Office Agency website reveal the following Rateable Values:

Citizens' Advice Bureau	Current Rateable Value	£5,400 rising to £6,500 from 1 April 2023
Day Centre, Back Lane	Current Rateable Value	£4,600 falling to £4,300 from 1 April 2023

EPC

We have not been provided with an Energy Performance Certificate for this property and were unable to locate on the government website. 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 15 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

The subject properties are situated in the centre of Rochford off of the main high street but on the main pedestrian route from the central car parks for the town centre.

The Citizens' Advice Bureau offices present nicely and we have no doubt that if these were to hypothetically come to the market on a new Lease they would be highly sought after by potential occupiers looking for a small office in a town centre location with good parking provision. We would anticipate that any potential tenant would sign up for such a property on a new Lease for term of 3 to 5 years with the possibility of a break clause after 3 years.

The senior citizens' provides an essential service for residents of the town, but as valuers we need to have regard for the definition of Market Rental Value which requires valuers to *"provide the estimated amount for which a property or space within a property should lease/let on the day of valuation between a willing lessor and a willing lessee for an appropriate Lease term in an arm's length transaction after proper marketing where the parties had acted knowledgeably, prudently and without compulsion"*.

It is likely that if the property were to be put on the market for its existing use as a senior citizens' day centre, then it is unlikely that any commercial tenant would come forward to run this as they would be unlikely to be able to generate sufficient revenue and profit to make this a worthwhile exercise.

This use is something of a specialised use as hypothetically there is no commercial user in the market that would actively seek out this property in order to take a new Lease.

Therefore, if there is no demand in the commercial marketplace, then there is a low chance of achieving a Market Rent.

In order to provide an open Market Rental Value we need to assume that it has a marketable use and clearly at the present time this is not the case.

If the property were to be let for, say, a dance studio, gym, offices, even perhaps a restaurant, then it is likely that there would be tenants looking to take on a new Lease who would pay a Market Rent.

In reaching our conclusions on Rental Value, we have had to assume that an alternative use would be available upon which the property so it could be let in the open marketplace where a commercial tenant could operate a business and would stand a reasonable chance of producing sufficient revenue and profit to make this a worthwhile exercise for them.

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Kevin Cruiks BSc FRICS
Ayers & Cruiks

31 January 2023

PHOTOGRAPHS





ORDNANCE SURVEY EXTRACT

